FINANCIAL NEWS

Pizza Inn profit rises 111%

DALLAS—Pizza Inn reported that net profit for fiscal 1983, ended Dec. 25, leaped 111% to $3.6 million, compared to the previous year.

Revenue was up almost 6% to $148.9 million.

In the fourth quarter net profit climbed 46% to $698,000, as sales increased more than 8% to $37.4 million.

Chairman and president F. J. Spillman said that in the past two years the company had developed "strategic programs" designed to improve product quality, management, efficiency and consumer appeal, and that last year's sales and profit increases were "a result of our commitment" to these projects.

At year-end Pizza Inn owned and operated 291 restaurants, including three specialty restaurants (two J. T. McCord's and one R. G. Maxwell's). Franchisees operated 422 Pizza Inns and one J. T. McCord's.

The company said that expansion is planned for the J. T. McCord's concept, which features gourmet burgers on its menu.

Vicorp files for public offering

DENVER—Vicorp Restaurants has filed with the Securities and Exchange Commission a proposed offering of $35 million of subordinated debentures that are convertible to Vicorp common stock.

Net proceeds from the offering would be used to reduce debt incurred in the acquisition of 71 dinnerhouses of Continental Restaurant Systems from a division of Ralston-Purina Company for $61 million.

Vicorp owns or operates 201 restaurants and franchises another 125. It is the franchisor of Village Inn Restaurants.

For the first quarter, ended Feb. 5, net profit went up 96%, compared to the same period last year, to more than $1 million, as revenue increased 131% to $34 million. The results included the Baker Square restaurant group, formerly Pillsbury's Poppin Fresh Pies.

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El Torito earnings increase 23% in '83

IRVINE, Calif.—El Torito Restaurants finished fiscal 1983 on Dec. 31 with $7.8 million in net profit, 23% more than the year before.

Sales rose 22% over 1982 to $210.7 million for the year. The number of restaurants grew to 119 from 97, a 23% increase.

El Torito, which went public in mid-January, is 73%-owned by W. R. Grace & Co. Figures have been adjusted as if the company went public Jan. 1.

For the fourth quarter, net profit was $1.6 million, a 32% advance over the 1982 fourth quarter, and sales were $53.8 million, a 20% gain.

The company, which operates more Mexican dinnerhouses than any other firm, will continue expanding into the Northeast, said president Larry J. Cano.

McFaddin Ventures profit up 76% to $32 million

HOUSTON—McFaddin Ventures reports a 76% rise in net profit to $3.1 million on a 38% sales increase to $32 million in fiscal 1983 ended Nov. 30 compared to year-earlier figures.

Michael Boxberger, president of the Houston-based developer and operator of concept-oriented clubs and restaurants, attributed the profit increase to an expansion program and the development of a new club called Confetti.

Eight clubs were opened in 1983, bringing the total number of units to 20. The company plans to open 10 more clubs by the end of the year, financed with part of the cash raised by its initial offering on Dec. 15 of 1.2 million shares at $12.50 a share.

Proceeds from the offering will also be used to acquire existing units for conversions, renovate existing clubs and repay debt, Boxberger said.

McFaddin Ventures designs, develops and operates clubs with restaurants and entertainment in Houston, Dallas, Denver, Memphis, Atlanta, Tampa, Jacksonville, Knoxville and Bakersfield and Sunnyvale, Calif.

The clubs are called Confetti, Todd's, Trills, American Pie and 'elan.

McFaddin Ventures is the successor corporation to the club-related operations of McFaddin Kendrick Inc., founded in 1974, and McFaddin Affiliates Inc., founded in 1981.

Allegheny net increases 16% to $10.8 million

BALTIMORE—Allegheny Beverge Corp. recorded a net profit of $10.8 million in fiscal 1983, a 16% increase over the $9.4 million reported the year earlier. Revenue was up 16% to $527 million from $453 million the previous year.

During the fourth quarter Allegheny reported a profit of $3.4 million, a 4% increase over the $3.3 million recorded in the comparable 1983 period. Revenue for the quarter was up 8.75%, from $121 million to $138 million.

RA net up 15% to $2.2M in '83

NEW YORK—Restaurant Associates Ind., the broad-based food-service and newsstand company, posted a net profit of $2.2 million for fiscal 1983, ended Dec. 31, a 14.7% increase over 1982 figures. Revenue for the year rose 13.5% to $118.9 million.

In the fourth quarter, the company's net profit was $986,000 on revenue of $30 million, increases of 62.4% and 9.4% respectively over last year's comparable quarter.

Restaurant Associates operates more than 80 full-service restaurants in the eastern United States and 130 office-building newsstands and hotel gift shops in major cities throughout the country.

The company, which posted its seventh consecutive year of improved operating earnings, added four restaurants and 14 newsstands during fiscal 1983.

New name signals change in Steak 'n Shake strategy

INDIANAPOLIS—Steak 'n Shake shareholders were expected this month to approve changing the company's name to Consolidated Products Inc., signifying a new strategic plan for the 123-unit coffee shop chain.

The company plans to diversify through acquisitions in and beyond the food-service industry, according to president Jeremy McKenzie.

"It's an indication that our investors and management believe that the major part of the Steak 'n Shake program is completed," he said.

That program calls for the remodeling of an additional 29 Steak 'n Shake outlets to an updated coffee shop format featuring contemporary earth tones, brass, wood and plants. So far 18 units have been made over.

The lion's share of the Steak 'n Shake system dates from decades past and shows it with black and white art-deco styling—not an imitation but the real thing.

A group of financiers led by E. W. Kelley, an early architect in Heublein Inc., took over the ossified chain in June 1981.

Now it appears that the turned-around debt-free, and cash-laden Steak 'n Shake will be used as a platform for future diversification. McKenzie, however, declined to reveal specific plans or timetables.

Steak 'n Shake finished fiscal 1983 in September with $5.6 million in cash, up from $3.2 million the year before. With long-term debt of only $600,000 and a net worth of more than $13 million, the company has upward of $20 million in borrowing power.

Insiders own almost 50% of the company's stock and the firm has bought back almost 10% of its shares in recent years.

For the first quarter ended Dec. 21, Steak 'n Shake posted a 55% net profit gain to $587,000. All of that advance owed to tax credits, largely as the result of the acquisition of five ailing franchised stores in Cincinnati.

First-quarter revenue was up 8.5% to $15.7 million over the 1982 period.

Steak 'n Shake appears to be advancing on a number of fronts. Besides the makeovers, which cost an average of $250,000 each, the company is closing a $1.8 million deal to buy six Sambo's; three in Florida, two in Missouri and one in Indiana.

McKenzie is also launching a Mexican dinnerhouse at Carmel, Ind., in April to be called Tijuana Taxi. Prices would fall between fast-food and full-scale dinnerhouses, McKenzie said.

EARNINGS REPORT

Company	Period	Period Ended	Total Sales*	% Change	Revenues*†	% Change	Net Income (Loss)*	% Change
A&M Food Services	3 mos.	12/27	$ 8.100	33.0			$ 0.249	– 17.0
	12 mos.				$ 25.000	21.0	1.100	18.0
Bob Evans Farms	3 mos.	1/27	29.000	14.0			1.600	– 8.0
Carl Karcher Ent.	3 mos.	1/27	69.500	24.0			2.100	– 4.0
	12 mos.		289.800	25.0			11.500	18.0
El Chico	3 mos.	2/10	17.100	13.0			0.780	—
	9 mos.		52.400	17.0			2.600	—
El Torito	3 mos.	12/31	53.800	20.0			1.600	32.0
	12 mos.		210.700	22.0			7.800	23.0
Esteban's Mexican Foods	3 mos.	12/31	2.890	42.0			(0.010)	—
	12 mos.				10.500	52.0	0.416	—
Greyhound Corp.	3 mos.				432.200	– 23.5	24.200	2.5
	12 mos.						105.500	2.0
Noble Roman's	12 mos.	12/31	29.000	12.0	11.600	18.0	0.347	18.0
Penn-Tide Corp.	12 mos.	9/30	3.700	64.0			0.168	416.0
Pizza Inn	3 mos.	12/25	37.400	8.0			0.698	46.0
	12 mos.				148.900	6.0	3.600	111.0
Restaurant Associates	3 mos.	12/31			30.000	9.4	0.968	62.4
	12 mos.				118.900	13.5	2.200	14.7
Steak 'n' Shake	3 mos.	12/21			15.700	8.5	0.587	55.0
Taco Villa	12 mos.	12/28			25.600	2.0	1.100	95.0
Vicorp Restaurants	3 mos.	2/5			34.000	131.0	1.000	96.0

Source: *Company earnings reports*

—loss in corresponding period
**In millions*
†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.

Chains escalate TV ad spending 24% in 1983

Top six burger chains spent average $1 million each day

NEW YORK—Restaurant chains increased network and local television advertising spending 24% to $712 million in 1983 compared to 1982, according to a report issued by the Television Bureau of Advertising.

More than half the total—about $365 million—was spent by the six fast-food burger chains on the bureau's top 15 list of restaurant advertisers.

The only other segment to have more than one chain on the list was fast-food pizza. Pizza Hut was No. 5, spending a total of $47 million, up 32%, and Godfather's Pizza was No. 15, spending $8 million, a 38% increase.

Only three chains on the list are not fast feeders: Red Lobster Inns, whose ad spending was up 11% to $29 million; Denny's whose ad spending dropped 2% to $16.6 million, and Sizzler, which increased ad spending 2% to $9 million.

Denny's and Long John Silver's were the only two chains to show a drop in ad spending.

More than 70% of the total, or $498 million, was spent on local TV ads, But restaurant chains also increased network ad spending 25% to $214 million. The totals for each chain do not include the amounts spent by local advertising cooperatives.

Jack-in-the-box, No. 11 on the list, increased ad spending 71% to $15 million, the biggest jump recorded in 1983. The second biggest increase was made by Hardee's, which boosted ad spending by 63% to $17.6 million and Taco Bell, whose ad spending jumped 62% to $18.5 million.

McDonald's once again headed the list, having increased its total 22% to $186 million, followed by Burger King, whose ad spending was up 29% to $82 million, Kentucky Fried Chicken, up 19% to $50 million and Wendy's, up 57% to $49.7 million.

1983 TELEVISION AD SPENDING BY RESTAURANT CHAINS

Chain and Position	Network Ads	Local Ads	Total*	% Change From 1982
McDonald's	$80,930,900	$105,024,000	$185,956,400	+22
Burger King	35,642,100	46,823,400	82,465,500	+29
Kentucky Fried Chicken	30,576,700	19,250,800	49,827,500	+19
Wendy's	18,683,400	31,029,900	49,713,300	+57
Pizza Hut	17,006,800	30,152,300	47,159,100	+32
Red Lobster Inns	7,674,000	21,086,500	28,760,500	+11
Taco Bell	0	18,559,800	18,559,800	+62
Long John Silver's	0	17,644,400	17,644,400	−12
Hardee's	0	17,582,500	17,582,500	+63
Denny's	12,165,800	4,466,900	16,632,700	− 2
Jack-in-the-Box	204,100	14,838,000	15,042,100	+71
Arby's	6,270,400	7,652,100	13,922,500	+14
Dairy Queen	0	10,625,700	10,625,700	+22
Sizzler	0	8,846,200	8,846,200	+ 2
Godfather's Pizza	0	8,103,100	8,103,100	+38

Source: Television Bureau of Advertising from Broadcast Advertisers Reports data

*Totals do not include ad spending by local advertising cooperatives and franchisee groups.

NEWS BRIEFS

Disney seeks site for European theme park

LAKE BUENA VISTA, Fla.—Britain and West Germany are under consideration as sites for the first Walt Disney theme park in Europe, Walt Disney Productions has disclosed.

Final decision on the location of a European Disneyland will not come until year's end. Disney is also considering opening regional entertainment centers that would not compete with either Disneyland in Anaheim, Calif., or Disney World in Orlando, Fla.

Attendance at Disney World, including the Magic Kingdom and Epcot Center, dropped 8% in the company's fiscal first quarter, and continued to drop in January and February. Disney blamed the decline on the unseasonably cold weather in Florida during that period.

Perkins to apologize in breast-feeding case

BUFFALO—Perkins Restaurants has agreed to issue a formal apology and pay $250 to a woman who was prevented from breast-feeding her baby in one of its units here last summer.

Bonnie Glazer filed a complaint with the New York State Division of Human Rights following the Aug. 17 incident. According to the complaint, the restaurant's manager informed Glazer that health restrictions prohibited breast-feeding in the restaurant. Glazer said her complaint was based on sex discrimination.

Under terms of the agreement, Glazer and her husband will be reimbursed for their meal and will receive cards entitling them to several free meals.

Holiday Inns opens six regional dev. offices

MEMPHIS—Holiday Inns says it has opened regional development offices in Dallas, Los Angeles, Denver, New York, Atlanta and Chicago. The regional offices will spearhead construction and business development, the company said.

HoJo headquarters consolidation finished

NORTH QUINCY, Mass.—Howard Johnson Inc. has completed the move of their headquarters from Braintree, Mass., to a site one mile from the company's first Howard Johnson restaurant.

The company moved its 540 employees from three separate buildings into a single seven story location for meetings convenience and employee communication. One of the three old buildings was a drive away from the other two.

Marriott Corp. combines airline catering operations

WASHINGTON—Marriott Corp. has consolidated its domestic and international airline catering operations into a single new division in an effort to improve service and simplify administration.

Now called Marriott In-Flight Services, the newly formed division will be headed by Daniel J. Altobello, formerly vice president for Marriott's U.S. In-Flight division. Altobello, who joined the company in 1979 as vice president, food service management, will now carry the title of executive vice president, In-Flight Services.

Joining Altobello at the new division will be William J. Bailey, a 23-year veteran of in-flight feeding and most recently vice president, U.S. In-Flight operations for Marriott. Bailey's new title will be senior vice president, operations.

Marriott, with extensive holdings in the food-service, lodging and entertainment businesses, operates 80 flight kitchens and provides catering services for over 150 airlines worldwide.

NLRB sets aside election, says union was 'coercive'

DEARBORN, Mich.—A Hotel, Motel, Restaurant Employees, Cooks and Bartenders Union, Local 24 representative used "coercive and objectable" tactics in trying to organize Michigan-based Baja's Place, the National Labor Relations Board recently ruled.

Based on this finding, the board set aside a Jan. 9, 1981 election that gave the union the right to represent Baja Place employees in collective bargaining matters.

The board's ruling was prompted by a petition from Baja Place's president John Baja which alleged that during the organizing campaign his bartender, Gary Wood, was threatened by a union representative with physical harm and economic loss if he did not cease opposing the union.

Specifically, 10 days prior to the election Wood received a profane letter from the union representative.

When the bartender questioned the intent of the message, the organizer said Wood "knew why," and that "he would get Wood" and "Wood's job."

The hearing officer who initially heard the case, concluded that "the message [union organizer Dennis] Tap sent to Wood did not itself represent a threat of physical harm."

In addition, the officer argued that Tap's statements were "personal in nature; unrelated to the election".

In overruling the hearing officer's findings, the board stated that the "facts plainly reveal that Tap's statements to Wood were related to the election campaign."

The board pointed out that "Tap conceded that his conduct toward Wood was based on his belief that Wood had been involved in affecting the discharge of a pro-union employee," and not on personal matters.

It is clear that Tap, who represents a number of bar and lounge employees in the area, exercises a significant degree of influence over a large number of jobs in the industry and that "Tap's threats to get Wood's job were not idle threats made in a vacuum," the board added.

Consequently, Tap's statements were clearly "coercive and objectionable as they can be reasonably interpreted as threats of economic retaliation, physical harm and other unspecified reprisals," N.L.R.B. officials said.

The board also disagreed with the hearing officer's finding that Tap's statements to Wood represented an "isolated" incident.

N.L.R.B. officials argued that because Wood repeated Tap's threats to his employer and a number of coworkers, the union representative's statements "were disseminated around the employee work force."

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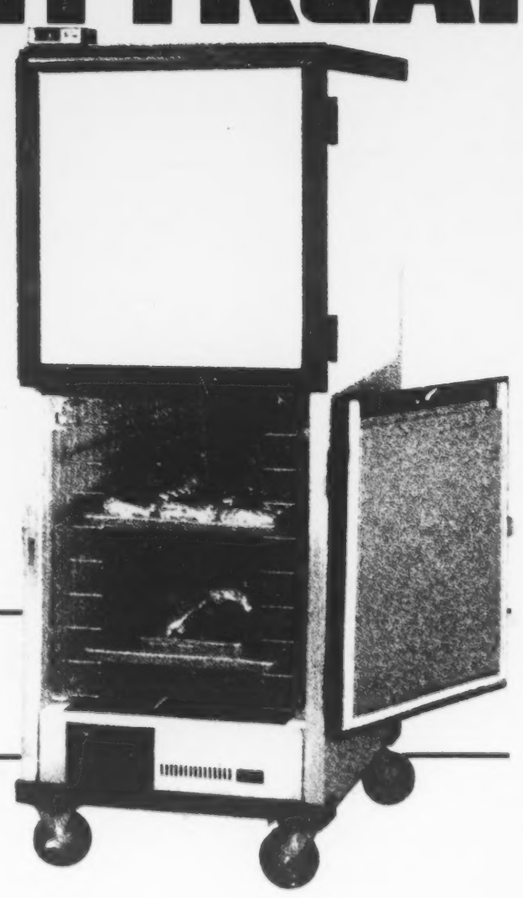

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FRANCHISING IN THE 80'S: PART 2

'De-identification' remains as a subject of courtroom debate

WASHINGTON—Although restaurant franchisees who dissociate themselves from chains have a legal duty to cease using their former franchisor's trademarks, the question of how far ex-franchisees must go to "de-identify" their operations is a hot issue before the courts.

'It would be prudent for franchisors to review their franchise agreements . . .'

Late last year an appeals court in the Ninth Federal Circuit provided one answer to that question which could create long-range trademark problems for a number of major fast-food chains, according to top franchise lawyers.

That court dispute involved a former Shakey's franchisee (Covalt) who chose not to renew at the expiration of his franchise agreement and "took certain steps to de-identify the former 'Shakey's' Pizza restaurants," according to a trademark law analysis prepared by franchise attorneys Lewis G. Rudnick and Erik B. Wulff.

Among other things, Covalt changed the name of the restaurants to "Izzy," returned Shakey's confidential manuals, discontinued all use of Shakey's logo and other registered marks and stopped using the chain's special spice blend.

In addition, the former franchisee "engaged in a multimedia campaign to promote the new name, distributed leaflets to customers in the restaurants to notify them of the name change, [and] changed the names of menu items," Rudnick and Wulff said in review of the case prepared for the International Franchise Association's *Franchise Legal Digest*.

Shakey's, however, demanded that the former franchisee go farther, and threatened legal action unless Covalt agreed to remodel his restaurants, discontinue the interior color schemes and change his menu items (not just the names of those items).

When the ex-franchisee balked at those demands, the chain filed suit in Federal District Court, charging trademark infringement and "unfair competition by maintaining the same" appearance as Shakey's.

The chain lost in that court, but appealed the case to the Ninth Circuit.

According to Rudnick and Wulff—who serve as special counsel to IFA—the appeals court analyzed the dispute in terms of the "likelihood of confusion" presented by the appearance of Covalt's operations, and "took special note of the fact that the former franchisee was not a new entrant in the market, but continued to operate an existing pizza parlor after expiration of the franchise."

In doing so, the Court "sought to 'balance the deterrence of improper marketing techniques against unreasonable impairment of the operation of market forces,'" they said. "The Court then embraced the principle that a former franchisee does not have a duty to ensure that all customers are aware of the disaffiliation, but only the duty not to promote the perception of continued affiliation."

In upholding the lower court ruling against Shakey's and concluding that Covalt had met his legal obligation, the Court "rejected Shakey's market surveys and evidence of actual confusion, explaining that they did not show that confusion was caused by similarity in the names and slogans, but rather by the prior relationship between the parties," the franchise legal experts said.

"The Court found no likelihood of confusion with respect to the names of menu items, and found that the similarities in functional features of the converted restaurants did not amount to unfair competition," they added.

Although Rudnick and Wulff conceded that the appeals court "appears to have reached an equitable result" by ruling against Shakey's in this case, they warned that in doing so the United States Court of Appeals for the Ninth Circuit may have established a "broad principle" with "potentially far-reaching implications" for food-service franchisors.

"The Ninth Circuit is apparently willing to accept the fact that there will be some public confusion after disaffiliation, and believes that this is not actionable unless the franchisee somehow promotes that misperception," Rudnick and Wulff said.

In view of this ruling, "it would be prudent for franchisors to review their franchise agreements to ensure that they contain adequate disaffiliation provisions," the two franchise attorneys recommended.

FRANCHISE RESTAURANT DISTRIBUTION BY STATE, 1982

State	Total	Company-Owned	Franchisee-Owned
Alabama	1,266	431	835
Alaska	86	1	85
Arizona	895	283	612
Arkansas	638	109	529
California	6,068	1,719	4,349
Colorado	1,098	342	756
Connecticut	515	166	349
District of Columbia	116	54	62
Florida	3,052	1,088	1,964
Georgia	1,923	823	1,100
Hawaii	186	69	117
Idaho	226	21	205
Illinois	2,870	958	1,912
Indiana	2,037	591	1,446
Iowa	929	193	736
Kansas	888	279	609
Kentucky	1,239	351	888
Louisiana	1,006	325	681
Maine	151	37	114
Maryland	754	307	447
Massachusetts	705	249	456
Michigan	2,498	779	1,719
Minnesota	1,245	355	890
Mississippi	658	112	546
Missouri	1,490	514	976
Montana	220	9	211
Nebraska	541	160	381
Nevada	251	102	149
New Hampshire	129	27	102
New Jersey	1,035	221	814
New Mexico	442	108	334
New York	2,198	577	1,621
North Carolina	1,366	387	979
North Dakota	152	9	143
Ohio	3,360	1,240	2,120
Oklahoma	1,654	498	1,156
Oregon	763	176	587
Pennsylvania	2,062	759	1,303
Rhode Island	104	33	71
South Carolina	905	308	597
South Dakota	198	25	173
Tennessee	1,512	527	985
Texas	5,508	2,062	3,446
Utah	345	87	258
Vermont	52	3	49
Virginia	1,339	419	920
Washington	975	308	667
West Virginia	475	164	311
Wisconsin	1,259	314	945
Wyoming	160	20	140
TOTAL:	59,659	18,740	40,919

Source: U.S. Dept. of Commerce, "Franchising in the Economy, 1982-84."

(NOTE: State totals represent 93% of total establishments. The remaining 7% were unable to provide a geographic breakdown for this report.)

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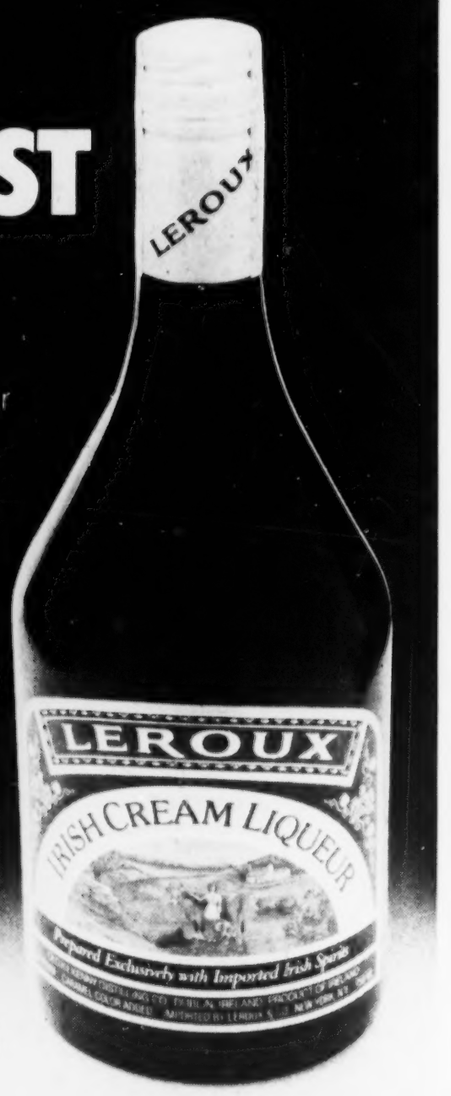

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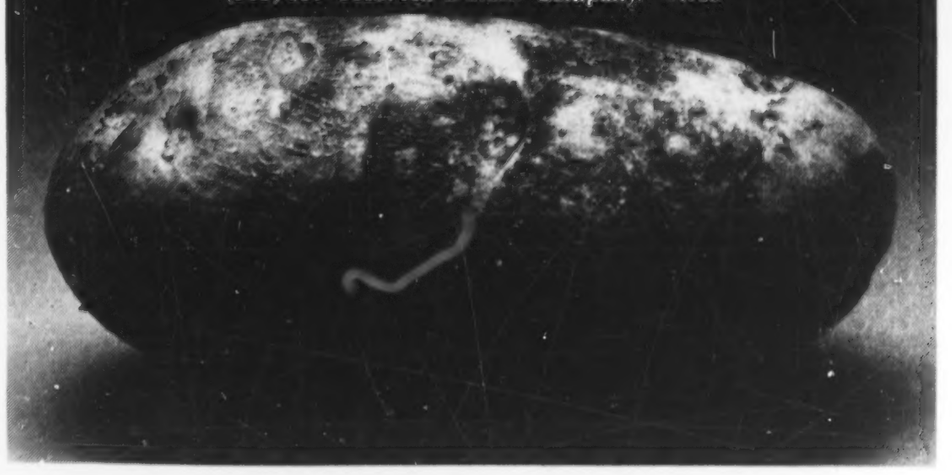

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FRANCHISING IN THE 80'S: PART 2

Kostecka: Franchising will pick up pace throughout the 80's

ACAPULCO, Mexico—"Franchising is on the move in the United States," and fast-food chains as well as other franchise operators "can look forward to increasing growth for the remainder of the 1980's," Commerce Department analyst Andrew Kostecka told the International Franchise Association's annual meeting here last month.

"No matter where you turn, prospects look good for franchising," he told chain leaders at the IFA convention, adding that "if you are in the franchised restaurant business you have seen a sales growth of 13% at the end of 1983."

In predicting an even better year for food-service franchisors and franchisees during 1984, Kostecka cited the results of the department's new *Franchising in the Economy* study, which he released during the IFA meeting in Acapulco last month.

According to that Government study, sales of franchise restaurants will climb by 14% this year, with both economic and demographic factors combining to ensure similar annual sales increases through the rest of this decade.

"The number of families with both mates working continues to grow," the current "generation is more affluent and better educated than their parents," and "the incentive and desire for one to be in his or her own business is greater than ever," Kostecka told the franchise chain executives.

Noting that these factors should ensure "a large potential market for future franchisees," he added that "inquiries regarding franchising from both prospective franchisees and franchisors have been on the rise in recent years and should continue in the years ahead."

The Commerce Department franchising expert also cited a series of other recent demographic shifts that should provide growth opportunities for franchise chains.

"The post-World War II baby-boom population is reaching the 30-to-40 year age bracket when income usually rises," and "with the trends toward later marriages and fewer children per family, child rearing will consume a smaller proportion of family budgets, leaving extra" disposable income available to Americans, he noted.

On the economic front, Kostecka told the IFA members that the Commerce Department's "forecasters predict the pace of industrial growth will quicken in 1984," with the nation's "gross national product" rising 5.5% this year vs. 3.3% during 1983.

"In 1984, inflation will likely remain moderate, with prices rising about 4%" and food prices climbing about 6.5%.

"Short-term interest rates will continue at current levels," he said, while other "credit conditions will [also] remain largely unchanged."

"A review of industry performance in 1983 and of the prospects for 1984 shows that the recovery has been broadbased and is proceeding in line with the patterns established by previous post-war recoveries," Kostecka assured the chains.

Turning specifically to the performance of food-service franchisors, he said that "stepped-up activity will be seen in the upscaling of franchised restaurants in exterior and interior decor, service and upscaling in quality and variety of food served."

Among all restaurant industry franchisors, "the pizza specialists are growing fastest, going from 66 franchisors in 1978 to 106 at the end of 1982."

One trend cross-cutting many franchise segments is the increased attractiveness of "conversion franchising"—the converting of an existing independent business establishment into a franchisee, Kostecka told the Acapulco meeting.

"The idea is not new, and in the past has been used extensively in real estate franchising," he said. But future "rising costs and increased competition" will encourage other types of franchisors—including restaurant chains—to move into conversion franchising, Kostecka predicted.

"Another emerging trend evident in franchising is the entry of women into franchising, in numbers larger than ever before, both as franchisors and franchisees," he said.

"Franchising offers new opportunities for women, who are entering the professional and management ranks and want to be part of the business world or invest in a business career," Kostecka explained. "Starting their own businesses through franchising lessens the risk factors for women with little or no business experience."

The Government's top franchise experts also predicted a new era of detente between franchisors and franchisees as chains realize the importance of building sound relationships with licenses.

"Over the next few years we should see a stepped-up effort to bridge the 'partnership' relationship between franchisor and franchisee," Kostecka told IFA. "Franchisees are the most important part of the entire franchising system, and they are a franchising company's most valuable asset."

In discussing the success rate for franchisees, Kostecka disclosed that the Government's annual survey of 1,770 fast-food chains and other "business format franchisors" showed that during 1982 "less than 3% of franchisee-owned business-format units were discontinued—and for a multitude of reasons" including many unrelated to business failure.

"Those units discontinued may include businesses that failed, but the number of failure is unknown," Kostecka said. "However, we should note that the number of units discontinued in franchising—for whatever reason—is relatively low."

Despite his generally bright forecast for the future of franchising, Kostecka did indicate that some market restructuring may be on the horizon for some chains.

"Competition among franchisors will intensify, companies will be more sophisticated, more innovative—in short, better able to perceive subtle changes in the marketplace," he predicted. "More giant corporations will move into franchising, along with larger numbers of small companies operating within state borders or small regions of the country."

In contrast to the new Federal projections for a 14% increase in sales by franchise restaurant chains this year, Kostecka told the IFA members that overall franchise growth (including non-restaurant operations) will continue at a somewhat slower pace.

Overall, "franchise sales of goods and services should continue to grow annually at about 9% for the next several years," he concluded.

FRANCHISE RESTAURANT SALES

(By Type of Establishment, In Millions)

Type of Restaurant	# of Firms	1983* Total Sales	1983* Company-Owned Sales	1983* Franchisee-Owned Sales	1984* Total Sales	1984* Company-Owned Sales	1984* Franchisee-Owned Sales
Total	458	38,664	13,536	25,128	44,148	15,361	28,787
Chicken	32	3,570	1,347	2,223	4,410	1,653	2,758
Hamburgers, Franks, Roast Beef, etc.	102	18,961	4,992	13,969	21,315	5,635	15,680
Pizza	106	4,412	1,705	2,707	5,165	1,917	3,249
Seafood	14	1,638	904	735	1,964	1,098	866
Mexican (Taco, etc.)	33	1,501	781	720	1,734	906	828
Pancakes, Waffles	15	873	276	597	929	294	635
Steak, Full Menu	110	7,266	3,454	3,812	8,073	3,762	4,311
Sandwich and Other	46	443	76	366	556	96	460

Source: U.S. Dept. of Commerce, "Franchising in the Economy, 1982-84."

*1983 and 1984 figures are company estimates.

FOCUS NRN

ENERGY COST CONTROLS

Despite efforts, waste is still rampant

By Rick Telberg

Despite battling 10 years of shocking increases in the prices of oil, gas and electricity, the food-service industry has a long way to go before it can legitimately claim victory over energy costs.

Advances, to be sure, have been made. The basic architectural principles of restaurant buildings have changed. Heat pumps, which provide a boost for hot water heaters, are becoming commonplace. Low-wattage light bulbs are almost everywhere. And there are few workplaces today without those annoying little stickers over light switches reminding employees to turn off the power.

But the restaurant industry still has a long way to go. And the amazing thing is: What's left to do is only common sense. But they may be the toughest gains to make.

Charles Claar, an electrical engineer at Pennsylvania State University working on a Federal grant to study energy waste in restaurants, quips, "I could retire on the monthly energy bill of most any restaurant."

He estimates that the typical restaurant spends 3% to as much as 8% of its gross sales on utility bills. He suggests that the expenditures "could be reduced 10% easy, and another 10% with some work."

"Energy conservation," Claar asserts, "is not something to learn and forget. It needs continuous retraining and reminding."

Many managers, alas, have abandoned their early enthusiasm for controlling cost on a line item that Claar says is a restaurant's third easiest controllable after food and labor costs.

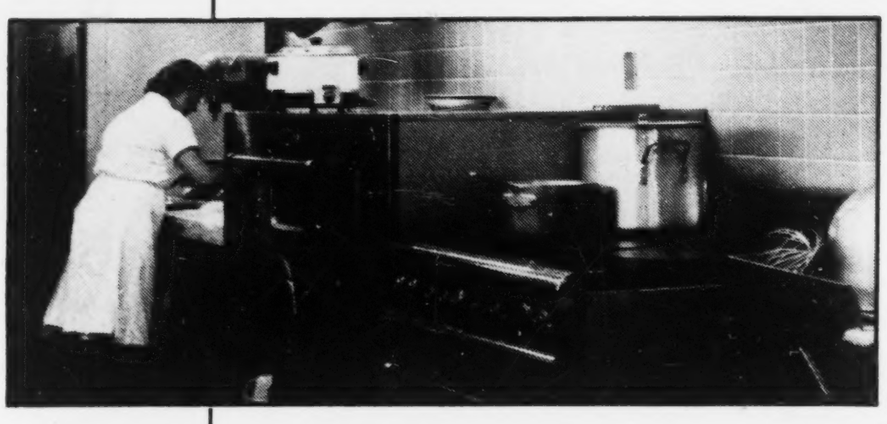
Andrew Poledor, director of technical services at the National Restaurant Association, notes with some perspective, however, that "the giant steps have been taken. Now it's a matter of fine-tuning. Today the biggest problem is turnover; training new employees how to save energy."

A Kilowatt Saved

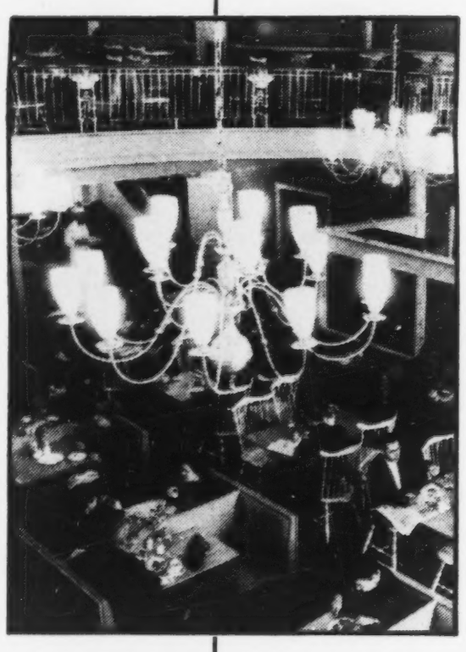
Before the first OPEC oil price hikes in December 1973, electricity cost 2¢ per kilowatt hour. Today it is almost 7¢, more in some of the heaviest populated areas. Natural gas 10 years ago cost about $1 per million British Thermal Units. Today, at $4.30, the price has more than quadrupled.

The industry's reaction is evident everywhere.

- A McDonald's in Charlottesville, Va., has sprouted solar panels on its roof. Owner Richard Hendricks says he's considering solar panels for every new unit he builds.
- A Hamburger Hamlet singles-bar/restaurant has installed a heat pump to boost the temperature of water before it gets to the hot water heater. Manager Mary Maday figures a savings of $3,800 a year.
- A Bojangle's chicken-and-biscuits restaurant in Fort Lauderdale, Fla., is getting a time-clock device that staggers electricity use, short-circuiting the local utility's levy for surges in its lines. Corporate training coordinator Frank Wenderski figures it could save the restaurant $200 a month in punitive rates.



- One by one the hue of nighttime lighting is changing at Denny's parking lots as the chain replaces energy-gobbling white-colored quartz lamps with yellowish high-pressure sodium lamps. Jim Dovey, electrical engineering manager at the chain, estimates a typical savings of $700 a year per light-pole.
- Winchell's doughnut shops are being outfitted with hood vents that are linked by thermostats to the doughnut fryers. When the fryers are off, so are the exhaust fans. Construction manager Clint Mullen says it's worth at least $250 per month.
- And finally, the Columbia restaurant in St. Augustine, Fla., was built with an $18,000 computer that controls energy use. Owner Richard Gonzmart says it has reduced his utility bills to $4,000 a month from $6,500 a month.



All the saving, in every case, is the kind of money that flows straight to the bottom line. Ben Franklin's phrase was never truer: A kilowatt saved, is a penny in pre-tax earnings. Not to mention investment tax credits and accelerated depreciation.

Restaurateurs appear to be holding the line on rising energy costs. But they also seem to have stopped making inroads on the problem.

In a comprehensive survey of the industry commissioned by the National Restaurant Association, the Philadelphia accounting firm of Laventhol & Horwath estimates that full-service restaurants spent an average 3%, or over $21,000 a year, of their total sales on oil, gas and electricity bills in 1982.

The same survey put spending at fast-food restaurants at 3.7% of sales, or almost $27,000.

Compared to 1973, when energy spending was 2% of sales between the two types of restaurants, the decade saw utility bills gobble up a half or three-quarters as much of the cash register take.

'The giant steps have been taken. Now it's a matter of fine-tuning. Today the biggest problem is turnover; training new employees how to save energy.'

"The days of 1% or 1.5% energy bills have gone the way of 25¢ a gallon gasoline," says Penn State's Claar.

Yet the rise in energy bills has roughly paralleled the national inflation rate, and for a very simple reason: The rise in the price of crude oil *is*, for all intents and purposes, the world's inflation rate. So energy costs can easily get lost on an operator's monthly profit-and-loss statement, simply because it is so easy to pass along to the customer.

As a result, many restaurateurs declare victory over energy costs too soon. Instead, victory should be measured by how much an operator restrains energy cost increases below the inflation rate.

Monitoring the industry's energy use, and so its waste, has been spotty until now. Many chains have made detailed surveys of energy waste, but Claar at Penn State is conducting the first objective research that will be open to the public.

With a $390,000 grant from the U.S. Government and in-kind backing from the NRA, Claar is heading up a 12-month project due to be completed in June. He has placed sensors on 31 points in seven kinds of restaurants.

His preliminary findings are revealing. Restaurants typically spend 35% of their energy dollar on simply cooking the food. Another 30% is spent on heating, ventilating and air-conditioning, commonly called HVAC. Fifteen per cent goes for lighting. Another 15% to washing dishes. And, finally, 5% to refrigeration.

It's one of the supreme ironies of the business, Claar notes, that restaurateurs spend about as much heating one thing or another, as in cooling them. Sometimes, they are the same thing.

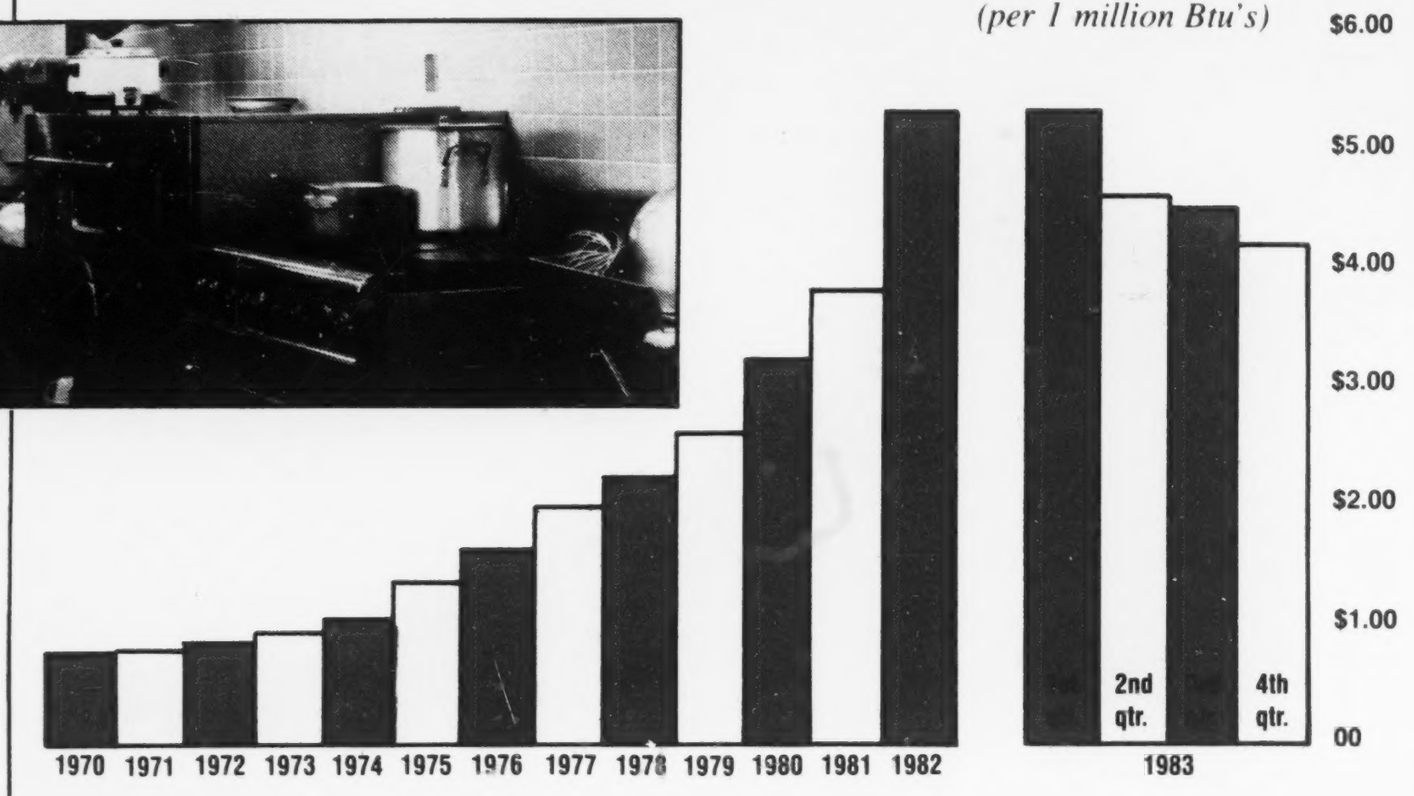
In addition, Claar's early results show that tremendous strides have been made in insuring the integrity of the building itself, with insulation, calk and double windows. But there is much room for improvement in what he calls "air handling": mixing air-conditioned air from the dining room with the hot kitchen, and making sure exhaust fans don't blow out the air that cost so much to cool.

But the biggest problem, according to Claar, is simply getting workers to turn off unneeded equipment. "My monitors," he said, "showed me that one of the managers in my survey had his wall heaters going flat-out for three days. It took him another day to get around to turning them off after I told him about it."

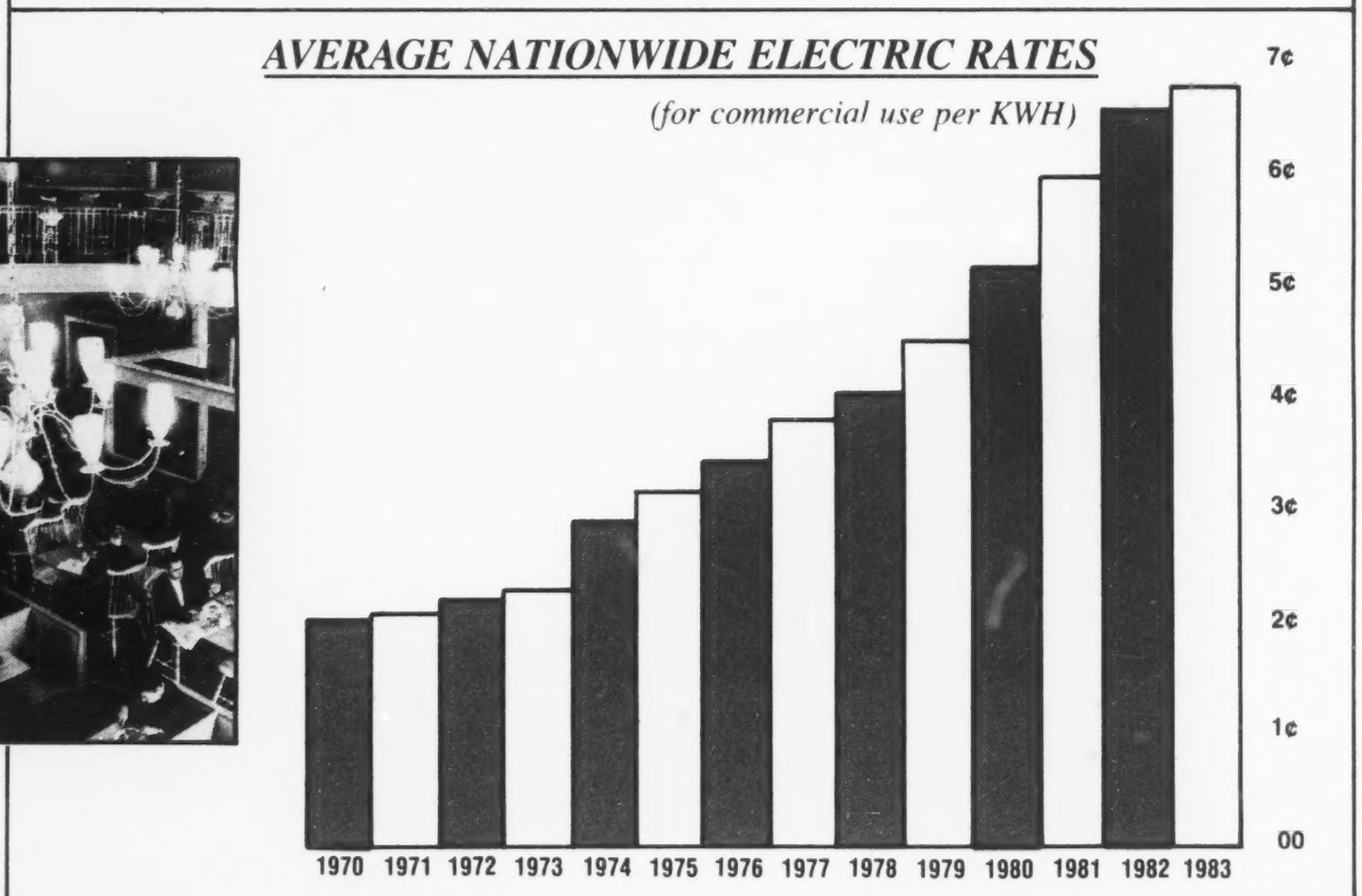
Idiot-proof Cost Control

But many managers are aware, and are working on reducing energy costs. Many programs stress simply nagging workers into turning off unneeded machinery. But the new

(Continued on page 43)



Source: American Gas Association



Source: Edison Electric Institute.

FOCUS NRN

ENERGY COST CONTROLS

Victory over high energy costs declared 'too soon'

(Continued from page 41)

wave of energy-control methods bypasses human frailty, going instead for computerized equipment that knows itself when it is needed and when it isn't. In short, managers are trying to make energy conservation idiot-proof.

Wenderski at Bojangle's, for example, is installing a $2,000 built-to-order "cascade controller" at one of his Florida units. Since Florida Power & Light levies a "demand" surcharge when all the restaurant's equipment is turned on at once in the morning, the device staggers equipment start-up.

Wenderski decided to bypass the manager because one mistake by the manager can inflate the unit's electric rates for a year. In addition, managers had begun to complain to Wenderski that they were doing everything in the restaurant except serving the customer.

Wenderski tells managers that if they can shave $200 per month off their energy bills, it's the same as attracting another 500 customers. "Who wouldn't want another 500 customers?" he asks.

Demand surcharges are nothing to sneeze at. Denny's Dovey figures every kilowatt hour costs about 7¢. A punitive premium for a surge in the electric lines, he figures, costs another half a penny.

"You could sum the whole thing up this way," says Winchell's Mullen. "Common sense and good maintenance."

He, too, found he had to make cost control idiot-proof. After years of haranguing managers to turn off hood vents when the fryers under them weren't spitting any vapors, he gave up. Instead, he's installing thermostatically controlled switches on the vents. By June, Mullen expects to have completed 375 of Winchell's 837 stores.

Other energy-saving measures at Winchell's include:

- putting blankets on water heaters;
- keeping the flame pointers clean on gas jets;
- linking air-conditioning use to outdoor temperatures;
- replacing the bottom panel of floor-to-ceiling windows with an insulated wall;
- putting shades on the windows, adjusted at not more than a 20° angle to retain visibility, an anticrime measure;
- and, simply, insulating.

In seven stores where a full program was tested, Winchell's cut their bills by up to 20%.

Gonzmart at the Columbia restaurant in St. Augustine, Fla., thought an $18,000 investment in an energy control system while building his new $2.5 million facility was worth the money.

Part of the system channels ground water through hot cooling coils in refrigeration and air-conditioning equipment. Another part pumps the water through the cooled dining room helping his ice machine, a real problem in Florida where ground water comes up at 78°F.

"I believe," says the owner of the 250-seat restaurant, "in heat recovery units. It's like getting free hot water."

Another cost-cutter at the Columbia are venting hoods, which while pulling hot gases off the stove, pump outside air into the kitchen through another opening so that air-conditioned air isn't wasted.

And, instead of installing the restaurant's HVAC machinery on the roof, Gonzmart designed an island in the rear of the building. All the cooling coils and compressors are housed there. That makes it easier to channel heat-pumped water and saves a bundle on repairs. Instead of waiting for a repairman, an entire unit can be swapped while the defective one is carted away to be fixed.

Dovey at Denny's says the difference between running an old mercury parking lot lamp for a year and running a high-pressure sodium lamp is the difference between $1,800 and $700: $1,100. It can cost $500, however, to install it, so Dovey is taking a measured pace at replacing the lights.

Denny's switched years ago to low-wattage light bulbs inside the stores that throw as much light as the old ones. But now Dovey says he's shopping for mini-flourescent bulbs.

At the Hamburger Hamlet in Bethesda, Md., manager Maday said she was spending $16,000 a year on water heating alone before she installed a heat pump. It brings ground water up to at least room temperature before entering the water heater. Mounted on the ceiling, it gets the benefit of the warmest part of the kitchen.

Maday figures the heat pump will pay for itself in about a year and a half, cutting her annual bill by about $3,800.

Food-service managers are learning to purchase, portion and control energy like any other commodity that comes in the restaurant's back door.

Energy conservation has matured since the twin oil shocks of the 1970's from a spasmodic, panic-ridden approach to the realm of scientific measurement in many cases. It is a world dominated by electrical or mechanical engineers, architects and construction contractors. And there are signs as well that independent operators are becoming well-versed in the lingo of the trade: Btu's, kwh's, boiler hp and r coefficients.

Yet it remains equally clear that much has yet to be done, if for no other reason than few restaurant buildings were designed during the current energy-wise era.

Many analysts, NRA's Poledor included, project no more shocking price hikes for the rest of the decade, giving restaurateurs a chance to catch up.

In fact, with a four trillion cubic foot glut, natural gas prices backed off last year.

And natural gas prices may be held in check for some time to come. The Reagan administration has sent a plan to Congress decontrolling natural gas early, but still holding price rises lower than under the current 1978 law.

The NRA estimates that about two-thirds of the food-service industry's energy consumption for cooking, heating water and heating rooms comes in natural gas.

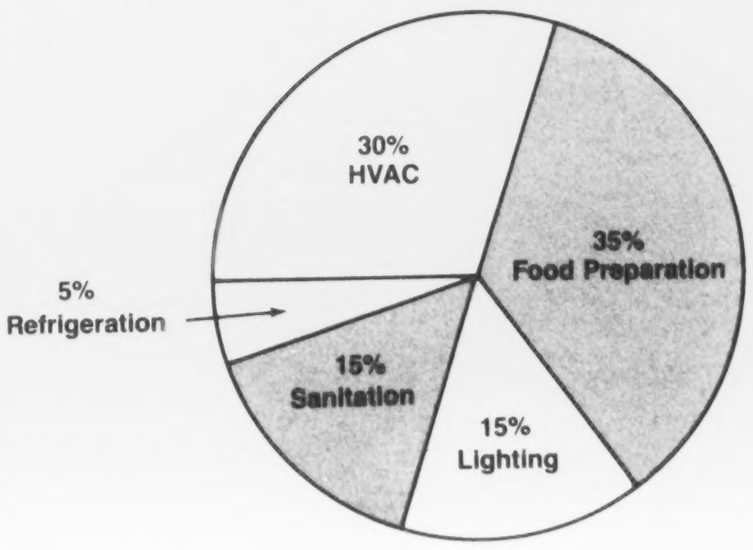
Electric utilities, too, are facing an overcapacity. But nuclear power plants, many planned before the energy crunch and now facing severe financial problems, could figure to raise rates astronomically in some areas.

Another problem could crop up from Government regulators. Occupational health and safety advocates are trying to levy rules on the quality of air in kitchens. Anything that translates into increasing air flow, will raise energy bills. It's ironic that the antipolluters and conservationists would find themselves in a face-off.

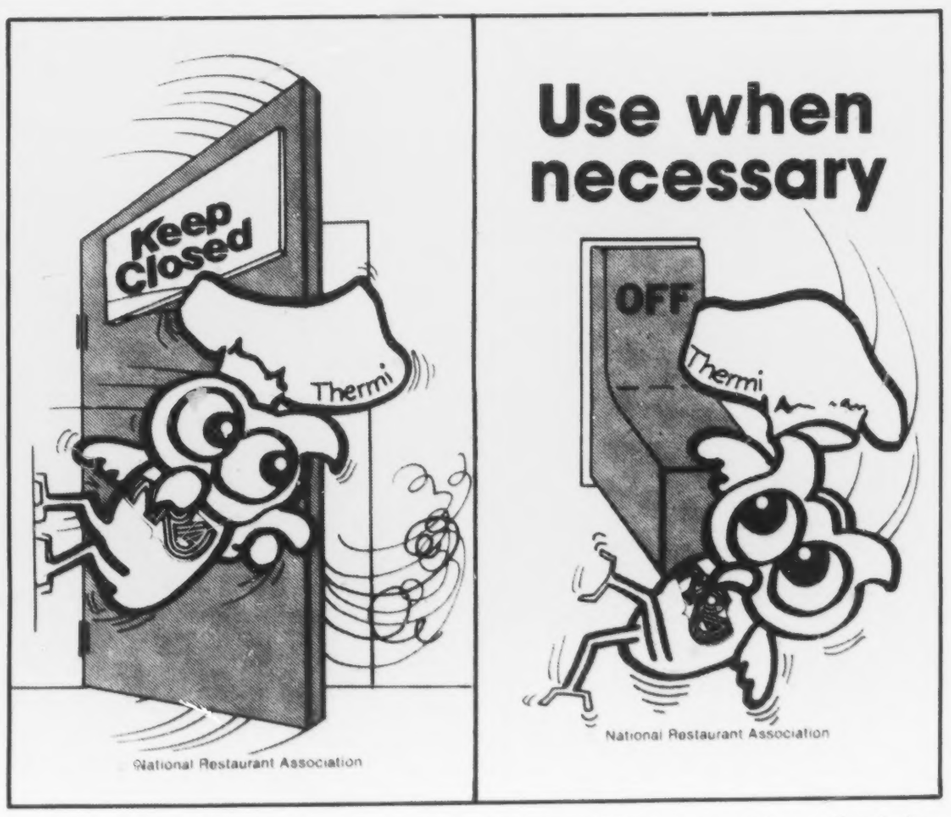
McDonald's franchisee Richard Hendricks installed solar panels to heat water at this Charlottesville, Va., unit; he plans to add solar panels to every new McD he builds.

'Food-service managers are learning to purchase, portion and control energy like any other commodity that comes in the restaurant's back door.'

WHERE THE RESTAURANT ENERGY DOLLAR GOES



Source: Charles Claar, Penn State University



The National Restaurant Association offered a series of stickers with energy-saving reminders (two are featured here) to restaurateurs.

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WINE & SPIRITS

Merchandising for profits—Pp. 47-77

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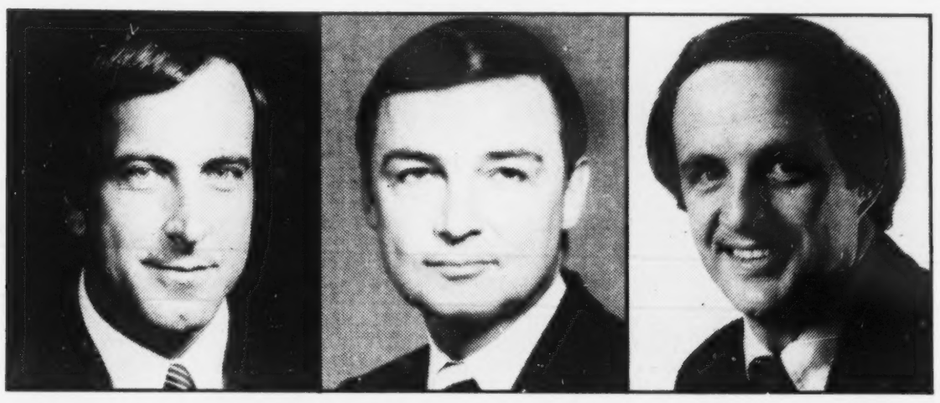

BK chairman J. Jeffrey Campbell (top row, left) has turned over domestic operations to president Jerry Ruenheck (center) as part of a series of sweeping exec changes that will leave Kyle Craig Jr. (right) vp-general manager, Charles Kanan (bottom row, left) senior vp-operations, Larry Kohler (center) exec vp-concept development, and Don Dempsey (right) marketing chief.

Power shift at BK heralds major diversification drive

By Joe Edwards

MIAMI—Burger King chairman and chief executive J. Jeffrey Campbell has made sweeping organizational changes involving six key executives that may signal a significant shift in power at the second largest burger chain.

Campbell disclosed that Burger King plans to acquire or develop another fast-food, non-beef chain. Häagen-Dazs ice cream stores, which Burger King's parent Pillsbury acquired last year, already report to Campbell.

Two Burger King officials indicated Campbell is most interested at this point in the fast-food pizza segment but has not made any decision.

Asserting that a headquarters restructuring "will give me a greater opportunity to concentrate on our long-term strategy of expansion and diversification," Campbell turned over domestic restaurant operations to Jerry Ruenheck, president and chief operating officer, effective June 1.

In addition to the three operations divisions, Ruenheck, 45, assumes responsibility for the Distron distribution division, franchise affairs department and operations services group.

Kyle Craig Jr., the chain's 37-year-old marketing whiz and executive vice president, moves to New York to head the regional office as vice president-gen-

(Continued on page 122)

Independents seek new formula to cure American cuisine's image

By Paul Frumkin

BOSTON—The vaunted American cuisine movement has hit its first significant trouble spots, say top tablecloth operators who are finding restaurant customer acceptance anything but automatic.

Initially caught up in the romance of America's re-emerging culinary heritage, these food-service professionals are discovering that it can take more than a strong theme and the replication of a few traditional dishes to guarantee a packed house or even satisfied customers.

But customer acceptance, the necessary adjunct to any operation's overall menu and image strategy, may have been taken too much for granted, they now say, in the initial excitement the movement generated.

This sobering point was made by a number of this country's top chefs and restaurateurs at the third annual Symposium on American Cuisine at the Westin Hotel, Copley Square, here earlier this month.

The heated, and often esoteric, debates between purists and innovators of the still-young "New American Cuisine" which had marked the first two Symposia were placed on the backburner as the 300-plus attendees discussed the more immediate and practical problems of running a success-

(Continued on page 122)

Credit card surcharge ban gets temporary extension

By Ken Rankin

WASHINGTON—Responding to pressure from consumer groups and the financial community, the House approved legislation earlier this month which will at least temporarily prohibit restaurants from imposing surcharges on meals purchased with credit cards.

The Senate approved a similar, though not identical ban on surcharges for credit transactions nearly two months ago when the longstanding Congressional moritorium against such practices expired.

At presstime House and Senate leaders were still attempting to iron out the differences between the two versions, but officials at the House Banking Committee told *Nation's Restaurant News* that a final bill was likely to become law before the end of the month.

The issue of whether restau-

(Continued on page 121)

Mesquite grilling: Hot new food trend

***NRN* Special Report**

In an industry always hungry for a hot new food trend, nothing is hotter right now than mesquite wood grilling of everything from scallops and swordfish to steaks, burgers and ribs.

For added sizzle, mesquite grilling is proving to be a powerfully effective merchandising tool in restaurants across the country.

Independent and chain operators are rushing to line up mesquite suppliers, revamp their menus and install new grills—often placing them smack in the middle of their dining rooms where guests can watch all the cooking action.

Mesquite wood burns very hot—about 1,000°F—searing foods and imparting a sweet, woodsy flavor.

Even operators whose grills are out of sight are using menu messages to tell their customers about the history of mesquite and the distinctive flavors the wood gives to many types of foods grilled over it.

Despite the expense of converting to mesquite, which can be considerable, and the wood's dangerous tendency to give off a lot of smoke and send sparks flying, most operators who use it contend that problems are minor and can be easily corrected.

Interest in mesquite grilling is cutting across segment lines and is rising rapidly not only in trend-conscious New York and Los Angeles but in the heartland as well.

Red Lobster, the 370-unit seafood dinnerhouse chain, is seriously studying the feasibility of installing mesquite grills systemwide. Garcia's of Scottsdale, a Mexican dinnerhouse chain, recently acquired a five-unit seafood dinnerhouse operation that specializes in mesquite co

(Continued on page 12)

LATE NEWSBREAKS

Federal investigators have charged that a number of pizza parlors in the Midwest distributed heroin as part of an alleged $1.65 billion organized crime ring.

Operators of 20 major Las Vegas resort hotels said business was booming at presstime despite a strike by four unions, including the 15,000-member Culinary Union Local 226.

Joseph S. Neubauer, 42, was elected chairman of ARA Services Inc., the giant industrial services firm with extensive contract food-service accounts. He succeeds cofounder William S. Fishman, 68, who is retiring but remains a director.

Pizza Time Theatre has filed a Chapter 11 petition for reorganization under Federal bankruptcy laws to protect itself from creditors threatening to force liquidation.

Casino USA, Santa Monica-based operator of Caf Casino "French" cafeterias, is acquiring a controlling interest in Los Angeles-based Thriftmart supermarkets.

RA stakes out piece of the Rock

Will open three-unit restaurant complex in Rockefeller Plaza

By Roman Czajkowsky

NEW YORK—One of the city's most ambitious new restaurant ventures in recent years is set to open next month—an American cuisine, three-restaurant complex built around the skating rink at Rockefeller Plaza and run by Restaurant Associates.

New York-based RA, which reported $141 million in revenues from company-owned and managed facilities in 1983, said

(Continued on page 122)

Artist's rendering of Savories, a combination gourmet deli, cafe and take-out shop to be located on the west side of the new Rockefeller Plaza restaurant complex.

FINANCIAL NEWS

American Can poised for H & H takeover move

By Charles Bernstein

NEW YORK—American Can Co., the diversified Greenwich, Conn., corporation, was considering a possible tender offer at presstime to battle for control of Horn & Hardart.

Asked about the situation, H&H president and chief operating officer John Gerlach said he had heard that American Can was making a move on the stock but that "as of now, I haven't seen any official papers indicating they have even purchased at least 5% of the stock."

Queries to American Can's top executives were referred to its acquisitions and mergers senior vice president, James Long, who did not respond.

American Can does not have any food-service division, but vice chairman Gerald Tsai has been on an aggressive acquisition campaign and "may be anxious to take over H&H as a strong investment vehicle and for personal reasons," an inside source said.

One version of the situation is that Tsai "would like nothing better than to take control of H&H away from Barry Florescue," H&H chairman and chief executive. Florescue gained control in a bitter battle several years ago and diversified the company away from the staid H&H cafeteria image into a Burger King and Arby's franchisee. He then acquired Bojangles—H&H's main expansion vehicle now.

Profits and return on investment have soared under Florescue, and he is believed committed to a fierce struggle to retain control against any takeover bid.

Meanwhile, reports were flying that H&H was itself bidding to acquire Church's. But Gerlach indicated it's not true and that reports of a New York dinner meeting between Church's chairman and ceo David Bamberger and Florescue were totally false. (In fact, Bamberger denies ever having even met Florescue.)

Southern Hospitality grabs stocks, averts loss

NASHVILLE—Southern Hospitality Corp., a Wendy's and Mr. Gatti's franchisee, blocked the loss of its Wendy's restaurants when its executives purchased more than one million shares of common stock that were being auctioned off in Nashville this month.

Chairman R. Wayne Oldham and several key executives paid more than $3.3 million for the 1 million-plus shares and placed them in a newly incorporated company, Management Incentives Corp.

Oldham said Southern Hospitality had run the risk of losing its highly profitable Wendy's only if outsiders had bought the auctioned stock. Because the shares represented 21% of the outstanding stock of the public company, Wendy's was concerned that it might lose control of the 27 restaurants franchised to Southern Hospitality.

Food-service chain stock analysis table

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION					
		Two Weeks Ended March 23							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change											Last Fiscal Year (Per Share)		
					Change		52-Week									5-Year Annual Growth Rate	Profit Margin		Indicated Dvd. Rate		Last X-Dvd. Date	Last Fiscal Year		Current Ratio			Last Balance Sheet Date
Name	Symbol	High	Low	Close	Amt	Pct	High	Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year	Amt	Pct			Latest P/E Ratio	Amt.	Yield		Revenue	Earnings		Long Term Debt	Common Stock Equity	
—	—	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	—	$	%	—	$ Mil.	$ Mil.	—	$	$	—
A&M Food Svcs	AMFD	7.00	6.25	7.00	.75	12.00	8.75	.00	.14	3.44	8.26	-2.76	.40	.40 F	NC	10.0	4.3	17.5	.00	.0	00-00-00	25.4	1.1	2.5	1.21	2.19	1283
Acapulco Rest	ALAR	4.63	4.38	4.38	-.25	-5.41	7.25	4.25	-.34	-.83	-7.60	19.51	-2.05	-2.13 Q	-775.0	-74.0	-12.9	NE	.00	.0	01-06-81	37.9	-4.9	1.8	6.37	1.01	1083
Am Motor Inns	INN	30.00	29.13	29.75	.38	1.28	38.50	27.13	-.10	.36	-3.04	-58.80	2.52	.55 S	24.3	42.0	8.6	10.6	.30	1.0	01-26-84	162.5	13.9	1.8	12.04	15.89	0783
ARA Services	ARA	44.00	41.25	41.50	-1.75	-4.05	55.25	41.25	-.21	-.30	3.62	68.13	4.37	1.21 Q	36.7	-3.0	1.7	9.2	2.05	4.9	02-24-84	3056.6	52.0	1.1	23.29	46.15	0983
Assoc Hosts	AHST	13.25	10.50	12.38	-3.88	-23.85	18.50	10.50	.09	.12	1.30	-21.77	.72	.45 Q	128.5	-1.0	3.6	15.5	.12	1.0	03-06-84	88.3	3.2	1.3	5.25	5.71	0983
Beefsteak Char	BCS	4.13	3.38	3.38	-.63	-15.63	9.25	3.38	.20	-2.34	.63	14.11	-1.30	-2.34 Q	-285.3	-53.0	-6.8	NE	.00	.0	00-00-00	98.2	-6.7	1.3	5.92	4.23	1082
Bob Evans Farms	BOBE	19.00	18.00	18.25	-.25	-1.35	26.81	17.25	-.27	.20	-5.33	-5.47	.89	.14 N	16.8	21.0	7.5	18.8	.26	1.4	02-10-84	187.5	14.1	3.0	.00	5.54	0483
Brock Hotel Cp	BHC	6.00	5.63	5.75	-.25	-4.17	11.25	5.38	-.53	.38	2.06	-29.04	.17	-.38 F	-69.0	-4.0	.7	33.8	.10	1.7	01-24-84	333.5	2.2	1.1	16.64	4.38	1282
Calny Food	CLNY	8.38	8.00	8.13	-.38	-4.41	11.19	8.00	-.46	-.04	-3.31	31.40	.53	-.03 N	-4.9	8.0	4.6	14.0	.16	2.0	01-25-84	30.2	1.4	.4	2.48	1.49	0283
Captain Crab's	CRAB	5.00	4.38	4.75	.13	2.70	8.38	3.50	.18	1.03	-1.57	-29.50	.00	.00 Q	NC	NC	.0	NC	.00	.0	00-00-00	1.5	.0	7.5	.01	.29	0883
Carrols Cp	CRL	8.25	7.63	7.63	-.38	-4.69	11.88	4.94	-.24	-.48	-1.55	6.41	.50	.26 Q	83.8	99.0	3.7	13.4	.05	.7	12-23-83	84.2	3.1	.8	3.66	2.42	0583
Chi-Chi's	CHIC	17.88	17.25	17.38	-.13	-.71	29.00	15.34	-.17	.26	-2.26	13.95	.39	.26 S	96.2	67.0	9.4	32.8	.00	.0	09-28-83	94.2	8.9	2.6	1.87	1.62	0483
Chilis Inc	CHLI	16.00	13.75	13.75	-2.25	-14.06	18.38	13.75	-.38	.33	3.34	7.68	.29	.24 S	NC	5.0	5.8	57.3	.00	.0	00-00-00	17.1	1.0	1.3	11.36	3.94	0683
Ch Full O Nut	CHF	12.38	11.50	11.63	.00	.00	24.38	10.25	-.37	-.73	-1.96	3.96	.64	-.01 S	-2.0	-4.0	2.9	24.2	.50	4.3	12-09-83	111.6	3.2	2.9	.34	6.69	0783
Churchs Fr Ch	CHU	26.25	22.13	25.38	3.00	13.41	33.50	21.25	.44	1.63	3.81	38.95	1.66	-.53 F	-24.2	3.0	6.8	15.3	.72	2.8	01-23-84	464.1	31.6	1.8	.62	11.74	1282
Collins Foods	CF	16.00	15.25	15.38	-.38	-2.38	21.63	14.75	-.26	.20	-1.90	-9.97	1.47	.30 N	21.4	27.0	3.8	9.0	.20	1.3	03-26-84	324.4	12.4	1.8	4.14	8.71	0483
Concept Dev	CDII	21.63	20.75	20.88	-.63	-2.91	22.13	14.53	.43	.18	-2.17	47.13	.08	.57 S	NC	86.0	1.3	36.6	.00	.0	02-10-84	7.8	.1	1.0	.40	1.99	0683
Consul Corp	CNSL	12.75	12.13	12.38	-.13	-1.00	18.75	10.88	-.41	.12	.63	24.81	.26	.14 N	70.0	39.0	2.5	36.4	.00	.0	00-00-00	32.0	.8	5.0	1.08	5.67	0583
Cracker Barrel	CBRL	19.50	18.50	18.50	-1.00	-5.13	27.34	15.75	.36	-.36	.26	-.31	.86	.10 S	12.5	25.0	4.4	20.6	.14	.8	02-28-84	45.7	2.0	4.1	2.64	7.33	0783
Denny's Inc	DEN	34.25	31.75	32.00	-1.13	-3.40	39.25	29.00	.13	.12	-1.79	14.27	2.54	.15 S	5.8	12.0	3.8	11.9	.72	2.3	03-06-84	1054.6	40.2	1.7	17.92	17.17	0683
Divfood	DFDI	16.00	15.25	15.38	-.75	-4.65	25.50	12.75	.28	-.28	-2.23	10.71	.99	.05 F	5.3	-58.0	6.8	15.5	.09	.6	03-22-84	484.3	32.9	2.1	.55	1.99	1282
Dunkin Donuts	DUNK	19.50	18.88	19.13	-.13	-.65	28.75	18.13	.10	.73	-2.14	23.16	1.62	.22 Q	15.0	24.0	10.2	11.4	.28	1.5	11-01-83	77.5	7.9	.9	5.93	9.56	1083
Fast Food Oper	POPI	1.69	1.56	1.56	-.13	-7.41	4.63	1.13	-.36	-.95	-3.10	3.80	.05	.05 N	NC	81.0	6.5	31.3	.00	.0	00-00-00	4.6	.3	2.0	.02	.36	1282
Frisch's	FRS	29.00	25.88	26.13	-3.00	-10.30	32.94	14.91	.24	-1.73	8.96	29.59	1.85	.77 S	51.3	25.0	3.7	11.5	.40	1.5	03-28-84	110.6	4.1	1.3	5.73	14.56	0583
Garcias Scot	GMEX	6.00	5.50	5.50	-.38	-6.38	15.88	5.50	-.41	-.05	.87	-18.84	-.48	-.30 F	NE	8.0	-6.1	NE	.00	.0	00-00-00	36.3	-2.2	1.1	.52	4.10	1282
Hambrg Hamlet	HAMB	10.38	10.25	10.25	-.13	-1.20	12.00	8.25	-.04	.27	-1.33	.00	-1.10	-1.81 N	-161.6	-30.0	-2.4	NE	.00	.0	00-00-00	34.0	-.8	1.0	20.86	11.96	0383
Hilton Hotels	HLT	54.75	49.00	50.25	-1.25	-2.43	60.25	43.25	.24	-1.57	3.20	-18.69	4.20	1.08 F	34.6	6.0	16.8	12.0	1.80	3.6	02-27-84	669.6	112.6	2.0	6.73	21.31	1282
Holiday Inns	HIA	44.88	41.75	42.38	-1.25	-2.87	59.00	40.50	-.07	.39	-1.05	16.25	3.28	.78 F	31.2	12.0	7.8	12.9	.90	2.1	03-12-84	1585.1	124.4	.9	11.74	25.35	1282
Horn & Hardart	HOR	22.25	18.00	20.88	2.75	15.17	30.78	15.31	.73	2.28	3.72	32.41	1.15	.45 F	64.2	106.0	4.0	18.2	.00	.0	11-25-83	339.7	13.5	1.1	9.01	4.54	1282
Hungry Tiger	HTIG	7.50	6.25	7.00	.50	7.69	10.75	6.00	.22	-.85	-.39	-57.48	.00	-.81 S	-120.8	-17.0	.0	NE	.00	.0	11-15-82	63.8	.0	.9	4.75	3.66	0883
Intl Dairy Queen	INDQ	38.00	34.50	37.50	3.50	10.29	40.00	28.00	.42	2.28	5.30	17.12	2.94	.81 Q	35.3	57.0	6.2	12.1	.00	.0	00-00-00	115.7	7.2	1.0	11.31	7.21	1183
Int King Tab	IKNG	14.75	13.25	13.25	-1.25	-8.62	23.00	10.06	.13	-1.78	-1.44	18.42	.92	.94 S	241.0	63.0	4.8	10.0	.00	.0	08-15-83	50.0	2.4	.4	5.16	3.18	0683
JB's Rest	JBBB	12.38	10.88	10.88	-1.50	-12.12	18.13	10.88	-.59	-1.45	4.67	28.03	1.00	.05 S	5.0	20.0	4.1	10.5	.20	1.8	02-07-84	53.3	2.2	1.0	5.17	7.42	0983
Jerrico Inc	JERR	14.25	13.88	13.88	.00	.00	23.13	11.88	.20	-.20	-3.64	9.84	1.33	-.07 S	-5.3	17.0	4.6	11.2	.12	.9	01-30-84	452.1	21.0	1.8	5.03	10.28	0683
Kapok Cp	KPK	3.75	3.38	3.50	.00	.00	10.75	3.38	-.78	-1.18	1.47	20.00	-1.29	-.92 F	NE	-52.0	-22.0	NE	.00	.0	00-00-00	12.3	-2.7	.7	1.74	2.45	0983
Kelly-Johnston	KEJO	7.63	6.38	6.38	-.75	-10.53	18.75	6.38	-.76	-3.93	.71	2.51	.40	-.31 N	-75.6	16.0	6.3	63.8	.00	.0	10-13-82	38.0	2.4	4.0	3.29	4.41	0383
Karcher Carl	CARL	21.00	19.50	21.00	1.25	6.33	43.75	18.75	-1.09	1.50	2.56	3.83	1.32	.34 S	28.5	23.0	4.0	13.7	.00	.0	02-16-83	231.0	9.3	2.4	8.31	8.13	0183
Luby's Cafe	LUB	34.50	33.13	33.25	-.88	-2.56	39.75	28.00	.00	.36	-2.52	17.47	1.53	.22 S	15.3	27.0	9.8	20.2	.60	1.8	03-05-84	141.4	13.9	1.6	.60	7.80	0883
Marcus Corp	MRCS	12.13	11.88	12.13	.25	2.11	15.13	10.13	.02	.61	.47	20.13	1.28	.13 N	10.6	6.0	6.1	9.0	.25	2.1	07-01-83	108.9	6.6	1.2	2.72	11.07	0583
Marriott Corp	MHS	64.00	58.50	60.00	-4.75	-7.34	81.00	58.50	-.22	-.41	5.04	13.34	4.15	.71 F	20.6	37.0	3.8	14.5	.44	.7	03-19-84	3036.7	115.2	.9	33.49	19.43	1282
McDonald's Cp	MCD	69.00	63.75	65.50	-1.13	-1.69	74.50	55.75	.11	-.74	-.71	2.40	5.74	.74 F	14.8	24.0	11.2	11.4	1.00	1.5	01-24-84	3062.9	342.6	.5	17.62	25.51	1282
Morrison Inc	MORR	15.88	13.88	14.13	-1.75	-11.02	21.06	13.13	.12	-.50	-.28	5.10	1.34	.19 S	15.4	13.0	4.5	9.9	.40	2.8	04-09-84	416.4	18.7	1.5	2.39	8.57	0583
Mr Steak	MSST	3.25	2.75	2.88	.25	9.52	3.50	2.25	.57	-1.15	2.24	-21.94	.15	.49 Q	NE	-25.0	1.1	19.2	.00	.0	03-26-84	63.2	.7	1.3	1.34	1.42	0983
Nathans	NATH	2.13	1.88	1.88	-.25	-11.76	3.63	1.44	-.99	-1.45	2.84	-5.61	.09	.12 N	120.0	25.0	1.1	8.5	.00	.0	09-09-83	17.5	.2	.8	.05	1.79	0383
Naugles Inc	NAUG	9.38	8.00	8.50	.00	.00	32.75	8.00	-2.04	.62	-.83	3.24	.70	-.10 S	-13.3	59.0	3.6	13.1	.00	.0	11-01-82	86.7	3.1	.8	6.57	4.96	0683
Oakbrook Cons	OKCO	18.00	18.00	18.00	-2.00	-10.00	20.00	14.00	.35	.55	-2.30	90.00	.84	.15 F	21.7	-10.0	.3	21.4	.32	1.8	12-08-83	160.4	.5	.7	7.17	14.49	0983
Peoples Rest	PEPL	4.50	2.88	3.38	-1.00	-22.86	15.13	2.88	-.80	-.63	-.19	-31.55	.28	.04 S	22.2	99.0	7.5	15.3	.00	.0	00-00-00	25.3	1.9	1.3	1.86	4.41	0683
Piccadilly Caf	PICC	18.13	17.25	18.00	.63	3.60	18.13	12.75	.19	1.04	.17	44.06	.99	-.43 S	-33.0	2.0	3.9	20.7	.60	3.3	03-09-84	152.7	6.0	1.6	.00	7.71	0683
Pizza Inn	PZA	10.00	9.00	9.50	-.13	-1.30	17.50	8.97	-.55	-.42	2.73	-7.72	1.16	.61 F	110.9	23.0	2.4	8.2	.08	.8	01-10-84	148.9	3.6	.9	12.32	6.63	1282
Pizza Time Thea	CHKY	2.63	1.50	2.00	-.75	-27.27	26.00	1.50	-3.60	-1.92	3.35	-28.21	1.27	-1.69 N	-150.8	86.0	7.6	NE	.00	.0	00-00-00	99.3	7.5	1.2	5.53	9.23	1282
Po-Folks	POFO	13.25	12.75	12.88	-.63	-4.63	16.75	12.75	-.19	-.21	-1.35	4.40	.37	.41 Q	NC	4.0	1.9	31.4	.00	.0	00-00-00	69.8	1.3	1.1	4.68	4.95	0983
Ponderosa Sys	PON	22.38	19.75	20.00	-2.00	-9.09	25.25	16.00	.06	-1.13	-.90	11.77	1.50	-.41 N	-25.7	-5.0	2.8	16.9	.40	2.0	03-02-84	376.7	10.4	.8	8.03	12.43	0283
Ramada Inns	RAM	8.25	7.50	8.00	.25	3.23	11.88	6.88	.38	-.19	-4.75	44.51	.13	.86 F	NE	-24.0	.7	61.5	.00	.0	10-19-81	573.8	4.2	.6	18.50	5.12	1282
Rax Restaurants	RAXR	15.50	14.75	14.75	-.75	-4.84	23.25	.00	-.51	-.14	-.51	18.88	.57	.63 Q	NC	57.0	3.8	23.4	.00	.0	00-00-00	63.0	2.4	1.7	4.33	3.63	0783
Restaur Assc	RA	7.38	7.13	7.38	.13	1.72	11.38	7.00	-.09	.34	-1.70	50.32	.88	.10 F	12.8	31.0	1.9	8.4	.00	.0	00-00-00	118.9	2.2	1.0	3.98	7.15	1282
Ryans Fam Steak	RYAN	17.50	16.25	16.75	.00	.00	28.25	15.50	-.18	-.05	-2.49	16.75	.52	.20 F	62.5	86.0	10.8	32.2	.00	.0	04-20-83	19.5	2.1	8.2	.19	3.89	1283
Saga Corp	SGA	28.88	26.00	26.38	-2.13	-7.46	40.25	24.63	.15	-1.66	-1.74	15.86	2.10	.52 S	29.7	64.0	2.3	11.6	.44	1.7	02-10-84	978.8	22.4	.9	4.65	10.62	0683
Sandwich Chef	SHEF	10.25	9.50	9.75	-.75	-7.14	15.50	9.00	-.09	.80	-5.99	-38.00	.70	-.18 S	-23.6	17.0	4.5	16.8	.00	.0	00-00-00	20.2	.9	1.5	.08	5.38	0683
Sea Galley	SEAG	8.88	8.13	8.13	-.63	-7.14	15.00	7.50	-.08	-.81	-1.22	51.55	.23	-.12 F	-34.2	5.0	1.2	35.3	.00	.0	06-02-81	73.0	.9	1.3	5.10	4.90	1282
Servico Inc	SRVI	14.75	13.50	14.75	1.25	9.26	18.00	12.72	-.15	1.38	.29	-42.79	1.19	.51 F	75.0	17.0	2.5	12.4	.00	.0	09-09-83	151.0	3.7	1.1	59.81	5.64	1282
Shoney's Inc	SHON	24.13	22.88	22.88	-.63	-2.66	27.38	20.00	.12	-.63	-2.30	28.31	1.17	.26 Q	26.8	35.0	6.0	18.6	.16	.7	01-04-84	392.8	23.4	1.6	2.64	6.83	1083
Shoneys South	SHNS	15.00	14.13	14.13	-.38	-2.59	20.50	14.13	-.20	-.83	-3.54	14.32	1.24	1.24 F	NC	18.0	3.4	11.4	.00	.0	00-00-00	143.1	4.9	.5	9.92	5.31	1282
Sizzler Rest Intl	SIZZ	10.75	9.75	9.75	-.25	-2.50	16.25	8.75	.04	-2.11	-1.35	-45.12	1.01	.08 N	8.3	15.0	4.5	9.4	.00	.0	00-00-00	128.0	5.8	2.3	1.49	6.27	0483
Skippers	SKIP	9.75	9.25	9.25	-.50	-5.13	15.50	9.00	.04	.23	-.70	20.23	.81	.14 Q	20.8	26.0	4.0	11.4	.06	.6	04-02-84	50.5	2.0	.5	3.38	6.69	1282
Sonesta Hotel	SNSTA	17.50	17.50	17.50	.00	.00	22.00	16.50	-.02	.55	6.63	90.48	1.02	.65 F	175.6	-6.0	2.3	17.2	.26	1.5	10-05-83	73.4	1.7	1.1	34.95	12.68	1282
So Hospitality	SHOS	4.38	4.13	4.25	-.13	-2.86	7.50	3.88	-.30	.87	-3.10	-13.58	.27	.05 N	19.2	75.0	3.8	13.7	.00	.0	00-00-00	26.3	1.0	.8	4.32	24	0583
Steak n Shake	STAK	8.00	7.00	7.50	-.50	-6.25	10.00	5.38	-.23	1.01	-2.65	-15.31	29	.07 Q	31.8	67.0	2.1	25.9	.00	.0	05-17-79	63.4	1.3	1.3	4.90	3.05	0983
TGIF Texas	TEXF	3.75	3.75	3.75	.00	.00	7.50	3.75	-.68	.66	-5.38	-38.57	.02	.05 N	NC	58.0	.0	75.0	.00	.0	00-00-00	4.8	.0	.5	3.50	-.17	1282
Victoria Stations	VSTA	8.00	5.63	7.63	1.63	27.08	13.63	5.38	.88	3.65	11.14	9.27	-1.02	-.44 N	NE	-61.0	-7.1	NE	.00	.0	09-19-79	111.9	-8.0	.6	8.39	8.51	0383
Wendys Intl	WEN	15.25	13.13	13.25	-1.75	-11.67	16.50	10.78	-.10	-3.01	2.40	24.75	1.01	.17 F	20.2	20.0	7.7	13.1	.24	1.8	03-14-84	715.1	55.2	.7	1.59	5.67	1283
Western Steer	WSMP	9.50	9.50	9.50	.00	.00	17.50	9.50	-.21	.49	1.69	45.19	.92	-.07 N	-6.1	7.0	3.1	9.0	.16	1.7	03-12-84	28.8	.9	1.3	6.21	7.23	0283
Winners Cp	WNER	11.50	8.75	9.13	-2.50	-21.51	17.13	8.75	-.52	-3.40	3.49	-17.55	.63	.00 F	.0	9.0	3.3	14.5	.00	.0	03-10-83	88.2	2.9	.5	7.06	6.43	1282

KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year * *—Other than a quarterly multiple resulting from a fiscal year change.*

FINANCIAL NEWS

Consul 3rd-qtr. profit up 156% to $314,500

MINNEAPOLIS—Consul Corp. posted $314,500 in after-tax profit before extraordinary items for the third quarter ended Feb. 29, a 156% gain over the year-ago quarter. Sales doubled to $17 million from last year's quarter.

Consul is the largest Chi-Chi's Mexican dinnerhouse franchisee.

The company recorded a $900,000 extraordinary gain in the quarter from a life insurance policy on chairman Merrill Anderson, who was killed in a plane crash in February. This brought total third-quarter net profit to $1.2 million vs. $158,000 at the same time last year.

For the nine-month period, Consul reported profit after taxes and before extraordinary items of $1.1 million, a 147% increase over the year-ago period. Nine-month revenue was $44.1 million, a 94% gain over last year's period.

Net profit for the nine months was $2 million, a 150% rise.

Consul ended the period with 28 restaurants, up from 13 the same time last year. One new unit has since opened and six more are scheduled by fiscal year end.

Garcia's loss $2.2 million for year; revenue up 41%

PHOENIX—Garcia's of Scottsdale said it lost $2.2 million in the fiscal year ended Jan. 1, compared to an $838,000 net loss in 1982.

Revenue in 1983 was $36.3 million, 41% higher than the year before, reflecting the chain's growth from 16 company-owned Mexican dinnerhouses in 1982 to 26 company and three franchised Mexican dinnerhouses in 1983.

The fourth-quarter net loss was $1.4 million, about the same as last year, while revenue was $8.5 million, a 30% gain over last year.

Garcia's closed the deal to acquire Famous Restaurants in February. Famous runs five seafood restaurants, largely in southern California. Two more are under construction and a third is due by December.

Garcia's plans to open seven to 10 new company or franchised Garcia's this year. Two company and two franchised units were under construction at year-end.

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Rax reports $655G profit in 2nd quarter

COLUMBUS, Ohio—Rax Restaurants Inc., operator and franchisor of 282 fast-food restaurants in the United States, posted a net profit of $655,000 for the second quarter ended Jan. 28, a 93% gain over last year's second quarter.

Revenue for the quarter was $18.6 million, a 31% increase over year-earlier results.

For the six-month period, the company's net profit jumped 99% over last year's first half, to slightly over $2 million, while revenue climbed 33% to $38.9 million.

The strong showing for the first half of fiscal 1984, according to Rax chairman J. Pat Ross, is the result of a 15% increase in average per-unit sales. During the six-month period, Ross said, the company opened 10 new restaurants and franchisees opened an additional 28 new Rax outlets.

Shoney's profit $6.5M in qtr.

NASHVILLE—Shoney's Inc. booked $6.5 million in net profit for the first quarter ended Feb. 19, a 27% advance over the year-end quarter.

Revenue rose 20% to $129.5 million.

Shoney's Inc. owns or franchises over 1,000 restaurants in a variety of concepts including Shoney's, Captain D's and Lee's Famous Recipe.

Bob Evans net profit drops to $1.6 million for quarter

COLUMBUS, Ohio—Bob Evans Farms restaurant division net profit dropped 8% to $1.6 million on a 14% rise in sales to $29 million for the three-month period ended Jan. 27 compared to year-earlier results.

Daniel Evans, chairman and chief executive of Bob Evans Farms Inc., which also operates a sausage division, blamed the lackluster third-quarter performance on "a slow economy, snow and severe cold weather in our marketing areas."

Most of Bob Evans Farms family restaurants are situated in the Midwest. Sales increases in the quarter came mostly from new restaurants, Evans said.

On Jan. 27, there were 104 Bob Evans Farms restaurants, compared to 90 a year earlier. Five other units are under construction and will open by early summer.

Meanwhile, the chain has added two new side dishes, sugar-cured bacon and grits, to its menus.

Sea Galley suffers $7M '83 loss

MOUNTLAKE TERRACE, Wash.—Sea Galley Stores posted a $6.9 million net loss for 1983, primarily from losses incurred in its processing and distribution operations and reserves established for the disposal of those subsidiaries.

Total revenue for the year was $86 million, including $73 million from an operation of the company's 49-unit full-service chain of seafood restaurants in seven Western states.

Excluding subsidiary businesses, profit from restaurant operations would have been more than $1 million for the year, said chairman and ceo Steven Dowen.

Sea Galley recorded reserves of about $6 million relating to discontinuance and disposal of subsidiaries and to adjustment of certain receivables arising from its sale of Family Fish House restaurants. Start-up losses from its majority-owned Flakey Jake's subsidiary contributed to the annual net loss.

The company has moved "back to basics" from its experiment in vertical integration, Dowen said; the meat processing plant is in escrow, and two offers on the other facility are currently being considered.

Customer traffic in Sea Galley restaurants is up so far this year, measured in real growth of from 1% to 3%, thanks largely to the efforts of senior vp and chief operating officer Robert Galantine, said Dowen.

According to Dowen's projections, the company will move into an as-yet-unspecified new market this year and will regain expansion momentum to the tune of one new unit every month by the third quarter.

Carrol's 3rd-qtr. profit rises 76% to $548,000

SYRACUSE—Carrols Corp., operator of 106 Burger Kings in eight states and the nation's second largest franchisor of candy and nut shops, said net profit for the third quarter, ended Feb. 29, rose 76% over last year's comparable period to $548,000. Revenue rose 50% to $29.3 million over the same period a year ago.

For the first nine months of its current fiscal year, net profit increased 42% to $3.5 million on revenue that rose 45% to $91.6 million. This year's first nine months covered 40 weeks, compared to 39 last year.

Burger Kings open a year or longer saw average sales increase by 9.3% during the third quarter, Herbert N. Slotnick, Carrols' chairman, said.

The company opened two Burger Kings during that quarter. So far this year, 12 new units were opened.

By quarter's end, Carrols had 167 Jo-Ann's and Chez Chocolat candy and nut shops in 22 Eastern and Midwestern States. The company acquired the shops in June of last year.

EARNINGS REPORT

Company	Period	Period Ended	Total Sales*	% Change	Revenues*†	% Change	Net Income (Loss)*	% Change
Assoc. Hosts	3 mos.	12/29			$ 22.800	11.0	$ 0.794	85.0
Big Bite	3 mos.	9/30			4.700	—	1.500	—
Bob Evans Farms	3 mos.	1/27	29.000	14.0			1.600	– 8.0
Carrol Corp.	3 mos.	2/29			29.300	50.0	0.548	76.0
	9 mos.				91.600	45.0	3.500	42.0
Collins Food Int'l	3 mos.	1/31			98.554	30.0	3.511	23.0
	9 mos.	1/31			290.898	18.0	11.835	24.0
Consul Corp.	3 mos.	2/29			17.000	97.0	1.200	
	9 mos.				44.100	94.0	2.000	254.0
El Chico	3 mos.	2/10	$ 17.100	13.0			0.780	
	9 mos.		52.400	17.0			2.600	
El Torito	12 mos.	12/31	210.671	22.0			7.755	23.0
	3 mos.		53.754	20.0			1.564	32.0
Esteban's Mexican Foods	3 mos.	12/31	2.890	42.0			0.009	
	12 mos.				10.500	52.0	0.416	
Garcia's	12 mos.	1/1			36.300	41.0	–22.000	
	3 mos.				8.500	30.0	– 1.400	
Greyhound Corp.	3 mos.				432.200	23.5	24.200	2.5
Int'l Dairy Queen	12 mos.	11/30			99.300	17.5	7.200	16.7
	3 mos.				23.500	19.5	0.982	11.7
Luby's Cafeterias	3 mos.	2/29			40.000	20.0	3.600	21.0
	6 mos.				78.900	17.0	7.300	17.0
Noble Roman's	12 mos.	12/31			11.600	18.0	0.347	18.0
Pancho's	3 mos.	12/31			6.900	16.0	0.206	20.0
Penny-Tide Corp.	12 mos.	9/30	3.700	64.0			0.168	416.0
Pillsbury	3 mos.	2/29	1,000.000	15.0			36.000	24.0
Rax Restaurants	3 mos.	1/28			18.600	31.0	0.655	93.0
	6 mos.				38.900	33.0	2.000	99.0
Sea Galley	12 mos.				86.000		– 6.900	
Shoney's	3 mos.	2/19			129.500	20.0	6.500	27.0
Taco Villa	12 mos.				25.600	2.0	1.100	95.0
Vie de France	6 mos.	12/11			24.200	32.0	2.400	32.0

Source: *Company earnings reports*

—Loss in corresponding period
**In millions*
†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.

FOCUS NRN

WINE & SPIRITS

DRINK MERCHANDISING FOR PROFITS

By Charles Forman

An English chop house in New York City has been making a name for itself with whiskey promotions. A wine motif restaurant in Peabody, Mass., has lit a fire under sales with a fine list and a merchandising policy that takes the snobbism out of the business. A tablecloth operation in Westport, Conn., has launched a superpremium beer sales campaign with a tasting similar to its regularly scheduled wine tastings.

Each of these ventures is culling new, profitable business at the same time that distilled spirits sales are sagging, total beer sales are stagnant, wine sales are only inching up and a new wave of puritanism, fanned to a blaze of fury by the highway carnage caused by drunk drivers, is sweeping the nation.

It does seem that when it rains, it pours, and no one would deny that the skies over the bar business are cloudy. But at the same time, scores of operators large and small are finding that customers still have needs, even if this year's are not the same as last year's. Profitable strategies to meet those needs can be developed.

Distilled spirits sales, overall, have tumbled in recent years. From 1980 to last year, apparent consumption slid from 449.9 million gallons to 430.7 million.

The key fact for restaurateurs, however, is not the slide but the changing consumer preferences they can appeal to. Warner Leisure's Gadgets chain has trained waitresses to make suggestions from its list of specialty drinks. These high margin items now account for one in four drinks ordered at the units.

Rusty Pelican, operator of 12 high-volume seafood dinnerhouses, has geared a special drink menu at its restaurants' seafood bar areas directly at the younger crowd it likes to attract in these areas.

The drinks are usually sweet, many topped with whipped cream, many are served hot and all are concocted with the range of newly popular spirits, especially liqueurs.

Names like Rumpleminzkin, Pelican Punch, Hot Irish Nut, Long Island Iced Tea and so on, bolster the merchandising effort.

"Today's young people are into drinks made from cordials and liqueurs," notes drink book co-author Lionel Braun (The Drink Directory) approvingly. "You have to be at least 30 before you can appreciate a martini."

Braun also makes the point that the faults of inexperienced bartenders are less glaring in cocktails mixed with sweet cordials.

Beer preferences are changing, too, and as with distilled spirits the changes are creating opportunities for those operators closely attuned to the market.

Over 30% of beer sales are made on-premises, according to a leading brewer, and just a few years ago when the country seemed on a beer swilling rampage, bar operators had only to sit back and enjoy the business.

Last year, however, the industry shipped 180.6 million barrels, which was a gain of less than 1% over 1981-82 levels. Analysts are predicting marginal growth increases, about 1.7% a year, for the next few years. This is still far short of the 4% a year gains made a decade ago.

The number of 18- to 24-year-olds is declining, contracting one of beer's best markets. At the same time, many states are considering measures to raise their legal drinking ages. Twelve did last year and six the year before. At present 25 are considering such legislation.

But some segments of the beer market are on a roll. Light beer is still making impressive gains. Predictions are that by the end of next year almost twice as much light beer, about 37 million barrels, will be shipped as five years ago.

At the same time premium, super premium and imported labels continue to pick up market share. The on-premise share of each of these growing categories is considerably greater than its overall share.

Both light and imported brands account for more than twice the percentage of on-premise as of total beer sales, according to recently released

(Continued on page 53)

'Distilled spirits sales, overall, have tumbled in recent years. But operators are finding that customers still have needs, and profitable strategies to meet those needs can be developed.'

FOCUS NRN

WINE & SPIRITS

Drink merchandising: Creativity = profits

(Continued from page 47)

industry statistics.

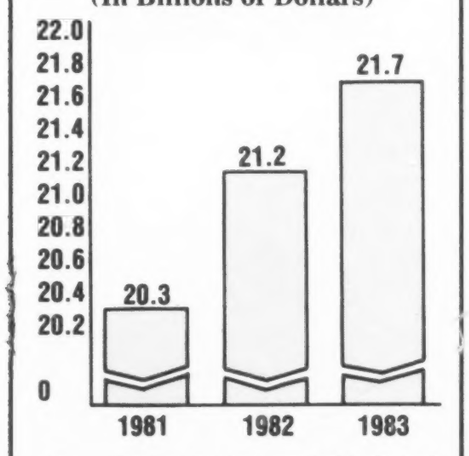
In a historic structure in Troy, N.Y., Holmes & Watson restaurant is doing a fair job of turning itself into a beer drinker's paradise with its 1984 World Beer Tour Menu. Customers get their own menu card listing 80 beers from around the world. Downing any 55 and getting them checked off on the individualized menus constitutes completing the tour. Some customers are working their way down the list in just a few days.

Cafe de la Plage, a Westport, Conn., tablecloth operation has long hosted regularly scheduled wine tastings as a way of educating and enticing customers. Now they're doing the same thing with beer. A recent beer tasting included 30 super premiums and imports. The proprietors see a whole new business building out of the effort.

The wine market certainly provides restaurateurs a target

DISTILLED SPIRITS SPENDING CREEPS UP

(In Billions of Dollars)



Source: Distilled Spirits Council of the United States

that is definitely getting bigger but, still, those exploiting it best are operators displaying merchandising ingenuity.

Despite the effects of lingering recession in some areas, wine sales have continued to creep up and steady growth is predicted.

Per capita wine consumption, not quite a gallon in 1960, is predicted to reach 4.3 gal. by 1990.

Wine obviously complements desires of consumers to be more moderate in their drinking.

The market's growth is also concurrent with the emergence of world class wines produced by American vintners.

Wines from California have held a pretty steady share of domestic sales the last couple of years at just under 70%, according to the Wine Institute.

Wines from other areas are also coming into their own and many restaurateurs are making the most of this development.

At Turback's in Ithaca, N.Y., founder and owner of the 140-seat establishment Michael Turback features regional cuisine and a list consisting exclusively of New York State wines.

"It really sets us apart from the general restaurant," he says.

He first developed the New York State-only list about four years ago. During the next two years' sales volume nearly tripled, he says.

Others are venturing into the area of wine competitions and barrel tastings, in complimentary imitation of The Four Seasons (N.Y.) annual California barrel tasting, which garners national press attention.

For the past four years The Red Lion Inn, Stockbridge, Mass., has hosted a New England Wine Competition. In Spokane, Wash., Patsy Clark's recently drew 130 guests to a $75 a person 10-course barrel dinner. The Manor, West Orange, N.J., a 1984 *Nation's Restaurant News* Fine Dining Hall of Fame award winner, has begun hosting its own elegant barrel tasting affair.

Major chains, too, have been making great efforts to bolster the sophistication of their wine merchandising and build profitable wine sales.

In recent months Steak & Ale has become a top example of how a wine sales program can be specifically designed for a large multiunit operation. A comprehensive program stressing continuity of approach, training, list development and pricing has given the dinnerhouse chain hefty wine sales gains.

It's hard to doubt then that a creative merchandising approach can help operators profitably bolster wine and spirits sales.

Of course, hard questions remain. The National Restaurant Association, seeking a leadership role in response to consumer concern over drunk driving, recently urged restaurateurs to drop promotions in which drinks were given away.

As attitudes change can operations like the Mardi Gras in Long Beach, Calif., continue to make hay out of its beach party atmosphere and special drink prices?

No one knows the answer.

Liquor sales are currently threatened from another source, too: the Federal Government. Congress is now considering a measure to boost Federal liquor taxes 36%.

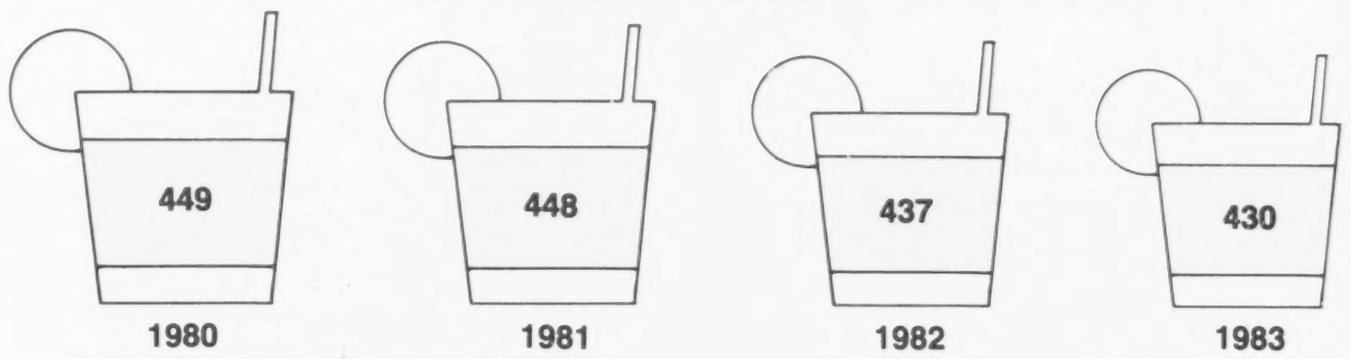
Although this Federal Excise Tax on distilled spirits—it would not apply to beer or wine—was still bottled up in the House Ways and Means Committee last month, it's yet another cause for those whose business depends heavily on liquor sales to worry.

Worry or not, the marketplace is going to continue to change as demographics, preferences and mores change. Operators will not build business by furrowing their brows but by merchandising directly to consumer needs.

'Major chains, too, have been making great efforts to bolster the sophistication of their wine merchandising.'

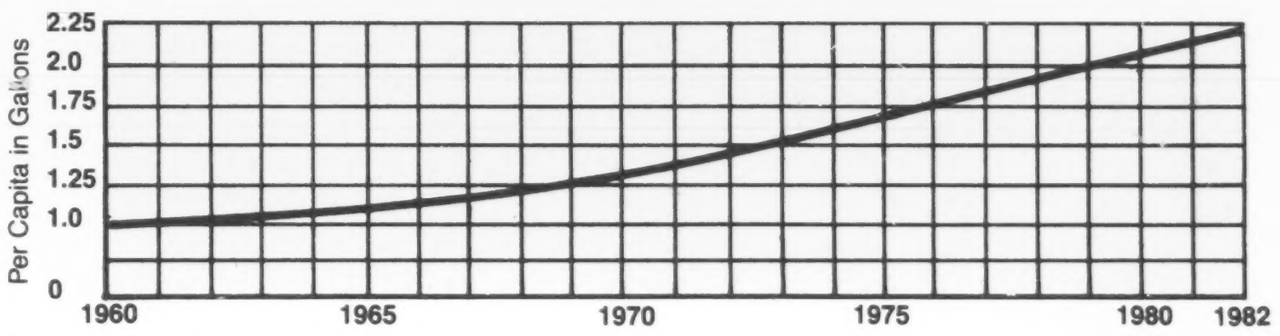
FALL-OFF IN LIQUOR CONSUMPTION: 1980-1983

In Millions of Gallons



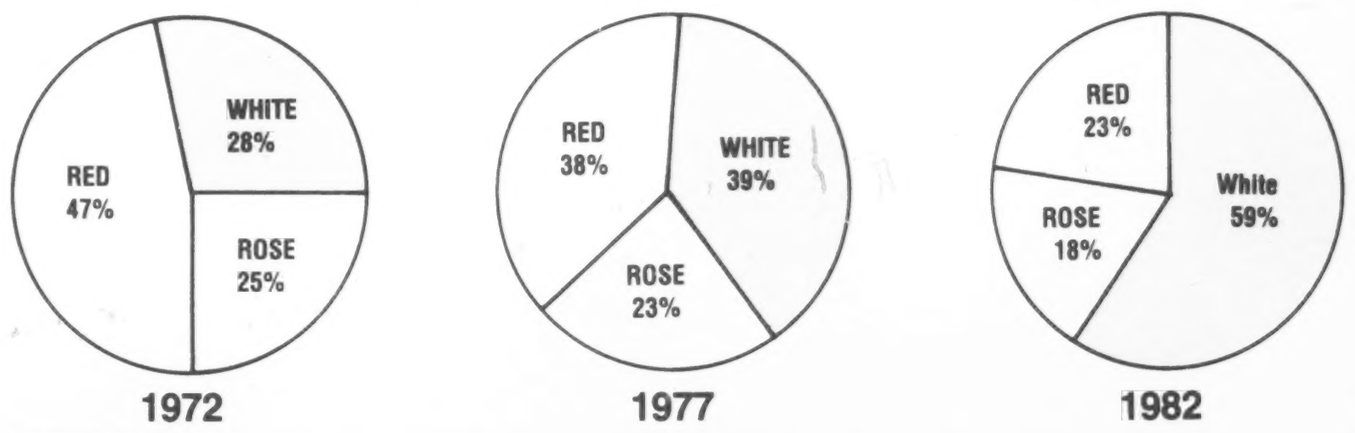
Source: Distilled Spirits Council of the United States (DISCUS)

WINE CONSUMPTION: 1960-1982



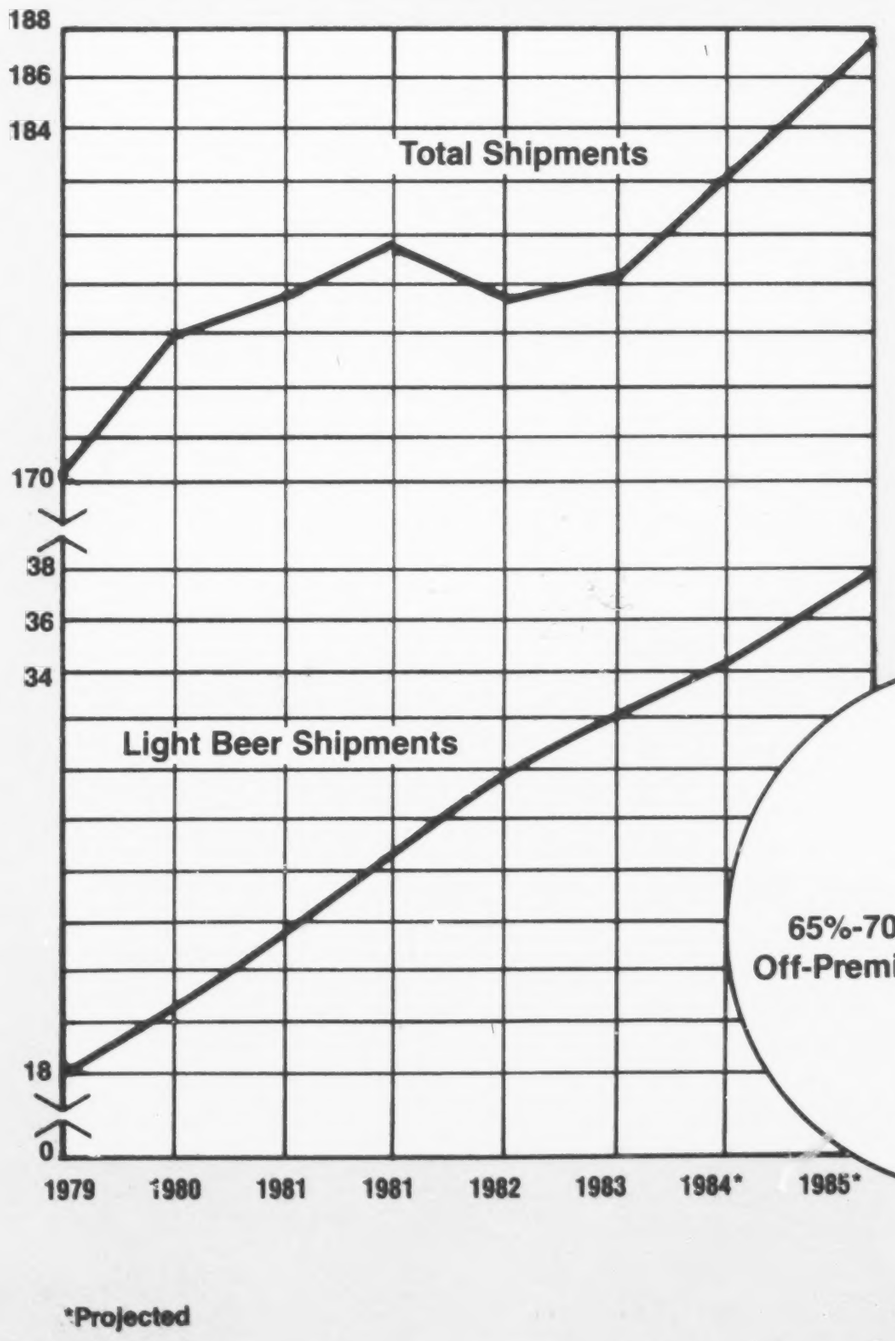
Source: Wine Institute

WINE DRINKERS CHANGING PREFERENCES



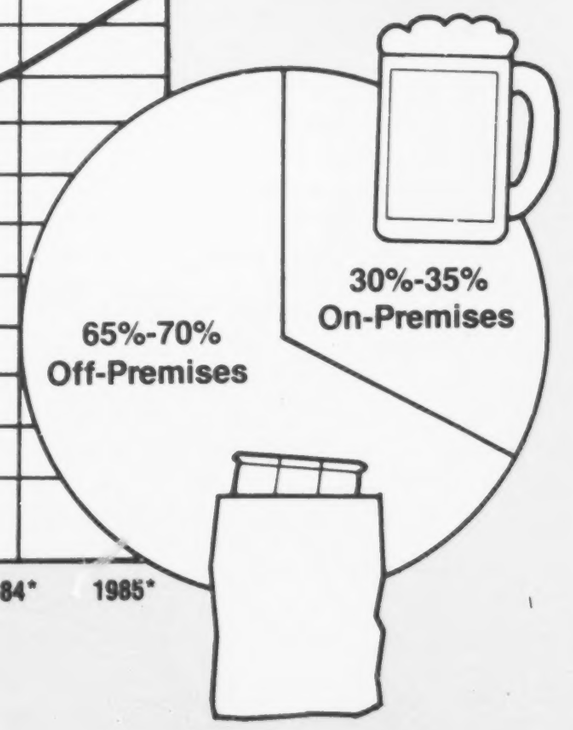
Source: Impact Databank

THE BEER MARKET



Source: R. S. Weinberg & Associates

ON-PREMISES VS. OFF-PREMISES BEER CONSUMPTION



Source: Miller Brewing Co. market research